

سنة ١٤٠٤ هـ

# FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 29,175

Friday November 18 1983

D 8523 B

Spending money in Poland proves difficult, Page 2

## NEWS SUMMARY

### GENERAL

#### Soviet 'shift' on UK's missiles

The Soviet Union is understood to have put forward a new proposal at the Geneva arms control talks which for the first time does not involve a direct link between deployment of their own nuclear missiles and those of the independent British and French systems.

According to reports apparently originating in Geneva, Mr Yuri Kholodkovsky, the Soviet negotiator, floated the proposals in what is believed to have been an informal meeting with Mr Paul Nitze, the U.S. counterpart, last weekend. Page 16; earlier report, Page 2

#### Mitterrand talks

French President Francois Mitterrand and Italian Prime Minister Bettino Craxi held talks in Italy which officials said would cover nuclear missiles in Europe and the Lebanon situation.

#### Paris bomb attacks

Bombs damaged the offices of the Archbishop of Paris, which also houses the religious Radio Notre-Dame station, and a Seventh Day Adventist Church used by people from French islands in the Antilles.

#### Strike in Cyprus

Greek Cypriots stopped work for an hour yesterday in protest at the Turkish declaration of a separate state in the north of the island. Page 2

#### Athens march

Riot police were out in force in Athens as thousands assembled for a march through the city to mark the anniversary of the 1973 student revolt.

#### Lisbon transport hit

Lisbon traffic was halted and transport throughout Portugal disrupted by strikes called by Communist-led unions in protest at government austerity measures.

#### Demonstration halted

Spain's extreme right-wing groups called off a demonstration planned for Sunday to mark the eighth anniversary of Franco's death after Madrid's civil governor refused to lift a ban on the rally.

#### Guadeloupe claim

Separatists fighting French rule in Guadeloupe claimed responsibility for bomb attacks that injured 23 people there on Monday.

#### Border reopened

China and the Soviet Union have reopened their 3000 km border in central Asia for trade exchange. A convoy of Soviet trucks passed through a border post.

#### Solidarity charges

Charges against seven Polish Solidarity activists awaiting trial in prison have been reduced to conspiracy to overthrow the state, from trying to bring down the Government. The new charges do not carry a possible death penalty.

#### Briefly

Pakistan denied involvement in recent disturbances on Indian soil, after allegations by Indian Premier Indira Gandhi.

Melitta Lane, 44, wife of Austrian Foreign Minister Erwin Lane, died after 12 days in a coma after a suicide attempt.

A party of 35 children and teachers were feared drowned after gunfire sank their launch off an island south of the Philippines.

### BUSINESS

#### Hoechst makes strong recovery

HOECHST, the West German chemical group, is making a strong recovery this year with worldwide taxable profits up 87 per cent for the nine months to the end of September at DM 1,324m (\$494m). Page 17

STERLING fell 55 points on the day to close in London at \$1,478.5, but was higher at DM 2.985 (DM 3.0725), Sfr 3.22 (Sfr 3.21), Ffr 12.115 (Ffr 12.0775) and T349.25 (T349.25). Its trade-weighted index was 82.0 (84). In New York it closed at \$1,481. Page 35

DOLLAR rose to DM 2.097 (DM 2.087), Sfr 2.125 (Sfr 2.125), Ffr 1.975 (Ffr 1.97) and T226.3 (T226.35). It closed at a record high of 1.16335 (1.1625) against the Italian lira. Its trade-weighted index was 128.4 (127.5). In New York it closed at DM 2.085, Sfr 2.175, Ffr 1.977 and T226.3. Page 35

GOLD fell 58¢ in London to \$374, its lowest since August 1982, as precious-metal prices declined in the face of strong demand for the dollar. In New York, the COMEX November settlement was \$377.2. Page 34

TOKYO: Nikkei Dow index lost 13.86 points to 9,416.35 and the Stock Exchange index slipped 0.66 to 690.79. Page 25. Leading prices, other exchanges, Page 25.

WALL STREET: Dow Jones index closed 3.35 up at 1,254.67. Report Page 25. Full share listings, Pages 26-28.

LONDON: Trading was cautious as the markets waited for the Chancellor's economic statement. The FT Industrial Ordinary index fell 1.25 points to 723.4. Report Page 26. FT Share Information Service, Pages 30-31.

TALKS ON POLAND's debts to the West, which restarted on Wednesday in Paris, ended last night with agreement to a better coordination of the world monetary system, top financial officials from the main industrialised countries agreed in Paris.

SPAIN issued a veiled threat to France that it would cut government buying of French goods unless Paris adopted a more favourable stance towards Spain's EEC membership application. Page 16.

FRANCE yesterday accused Italy of failing to keep its word to support the European Airbus programme by choosing U.S. commercial aircraft instead of types from Airbus.

SWISSAIR is the first European airline to be given permission to fly to Riyadh, the capital of Saudi Arabia.

PHILIPS, the Dutch electricals group, improved third-quarter earnings 30 per cent to Fl 163m (\$34.5m). Page 17.

ESSELITE, the Swedish office supplies and packaging group, announced pre-tax earnings doubled to Skr 141m (\$17.8m) for the six months to September.

PLESSEY, the UK telecommunications company, lifted taxable profits 30.9 per cent to £80.3m (\$121.93m) for the six months to the end of September. Page 20; Lex, Page 16.

## French jets attack guerrilla bases in Lebanon

BY PATRICK COCKBURN IN BEIRUT AND PAUL BETTS IN PARIS

FOURTEEN French Super Etendard fighter-bombers struck twice yesterday at a barracks used by Islamic fundamentalist guerrillas in eastern Lebanon. The attacks came 36 hours after Israeli jets had bombed other targets in the same region.

The barracks overlook the historic town of Baalbek and were taken over from the Lebanese army several months ago by extremist dissidents from the Shia Muslim Amal group. The dissidents are headed by Mr Hussein Moussawi, who has been widely blamed for planning the three suicide bomb attacks on American, French and Israeli forces in Lebanon.

The French air raids mark a significant toughening of France's position in Lebanon. The Defence Ministry in Paris described the raid as a "pre-emptive strike" to prevent new terrorist attacks against the French peacekeeping troops in Beirut.

The raids came barely 24 hours after President Francois Mitterrand, in a long television interview on Wednesday night, warned that the terrorist bomb attack, which killed 58 French soldiers in Beirut last month, "would not remain unpunished."

BRITAIN'S Conservative Government may have to raise taxes in next spring's budget if it is to meet its borrowing target for 1984-85, Mr Nigel Lawson, Chancellor of the Exchequer, suggested yesterday in his mid-year statement on public spending.

Mr Lawson said that higher taxes might be necessary despite his success in curbing plans for next year's public spending and a generally sunnier outlook for the British economy.

He told the House of Commons: "For the first time for many years we are now enjoying low inflation combined with steady growth. This is a welcome combination. Our task is to keep that winning combination by sticking to - and indeed reinforcing - the policies which have brought it about."

The UK Treasury now expects output to grow by 3 per cent this year and next, with unemployment stabilising and inflation falling to 4½ per cent by next winter.

At the same time, public spending plans have been held down to the £126.4bn (about \$188bn) total envisaged in the March 15 budget. That means that in real terms public spending will not grow and will fall to 42 per cent of national income, a percentage point less than in the current year.

In spite of these more optimistic projections, however, Mr Lawson said the Treasury now expects that tax increases of £500m - the equivalent of about ½ per cent of income tax - would be needed to hold public borrowing down to the £8bn assumed in the Government's current financial strategy.

Mr Lawson said that the Treasury currently expects the public-sector borrowing requirement (PSBR) to overshoot its £8bn target for this financial year by £2m. Although a substantial overshoot is now widely expected, Mr Lawson is unlikely to be relaxed about next year's expenditure projections until the current surge in spending comes under more obvious control.

Many commentators will be surprised, however, that tax increases should come on to the agenda after a series of extremely tough negotiations in which the Treasury has held total spending plans for next year down to the budget target of £126.4bn, a figure which represents no increase in real terms compared with this year's planned total.

This figure was achieved as a result of substantial cuts to some programmes, notably defence and housing, with a reduction in the nationalised industries' borrowing limit compared with the figures envisaged at the time of the last budget.

Defence spending, which was one of the most contentious issues, has

The bomb attacks against the French and U.S. multinational forces headquarters on October 23 caused a profound shock in France. President Mitterrand immediately flew to Beirut after the bombing.

However, in subsequent discussions with the U.S. and the other countries involved in the multinational force, France had continued to insist that it would retaliate only if its forces came under attack, suggesting that it would not engage in pre-emptive strikes.

French Super Etendard jets went into action on September 22, bombing military targets only after the

French forces had come under fire. The U.S. is the only country not to have retaliated against those responsible for the attack on its men.

The U.S. has three aircraft carriers of the Lebanon coast and 300 aircraft available. These have been flying reconnaissance missions over Beirut and Syrian-held parts of Lebanon.

Syria is clearly worried by continued overflights by U.S. and Israeli aircraft. Last week it fired on a U.S. F-14 and, commenting on flights over the Bekaa Valley, Damascus radio said yesterday: "The atmosphere in the area now is similar to

that which prevailed before Israel's invasion of Lebanon last year."

Palestinian dissidents meanwhile tightened their grip around the northern Lebanese city of Tripoli yesterday after driving out members of the Palestine Liberation Organisation loyal to the leadership of Mr Yasser Arafat.

The Syrian-backed rebels say they will not attack Tripoli, a city of half a million, in which Mr Arafat is now trapped, but Mr Ahmed Jabril, head of the Libyan-backed Popular Front for the Liberation of Palestine general command, warned that

buildings occupied by Mr Arafat in Tripoli would be shelled.

Around Beirut, the ceasefire seems to be taking hold again after the visit of Mr Abdul-Halim Khaddam, the Syrian Foreign Minister. That followed intense shelling overnight, with shells landing on the international airport and the Ministry of Defence building.

Mr Khaddam said that Syria would do everything possible to make sure that the present ceasefire holds. In practice, that means that Damascus will seek to restrain its Druze allies, who appear to be responsible for much of the recent shelling.

## Lawson warns of tax rise despite better UK outlook

BY MAX WILKINSON, ECONOMICS CORRESPONDENT, IN LONDON

BRITAIN'S Conservative Government may have to raise taxes in next spring's budget if it is to meet its borrowing target for 1984-85, Mr Nigel Lawson, Chancellor of the Exchequer, suggested yesterday in his mid-year statement on public spending.

Mr Lawson said that higher taxes might be necessary despite his success in curbing plans for next year's public spending and a generally sunnier outlook for the British economy.

He told the House of Commons: "For the first time for many years we are now enjoying low inflation combined with steady growth. This is a welcome combination. Our task is to keep that winning combination by sticking to - and indeed reinforcing - the policies which have brought it about."

The UK Treasury now expects output to grow by 3 per cent this year and next, with unemployment stabilising and inflation falling to 4½ per cent by next winter.

At the same time, public spending plans have been held down to the £126.4bn (about \$188bn) total envisaged in the March 15 budget. That means that in real terms public spending will not grow and will fall to 42 per cent of national income, a percentage point less than in the current year.

In spite of these more optimistic projections, however, Mr Lawson said the Treasury now expects that tax increases of £500m - the equivalent of about ½ per cent of income tax - would be needed to hold public borrowing down to the £8bn assumed in the Government's current financial strategy.

Mr Lawson said that the Treasury currently expects the public-sector borrowing requirement (PSBR) to overshoot its £8bn target for this financial year by £2m. Although a substantial overshoot is now widely expected, Mr Lawson is unlikely to be relaxed about next year's expenditure projections until the current surge in spending comes under more obvious control.

Many commentators will be surprised, however, that tax increases should come on to the agenda after a series of extremely tough negotiations in which the Treasury has held total spending plans for next year down to the budget target of £126.4bn, a figure which represents no increase in real terms compared with this year's planned total.

This figure was achieved as a result of substantial cuts to some programmes, notably defence and housing, with a reduction in the nationalised industries' borrowing limit compared with the figures envisaged at the time of the last budget.

Defence spending, which was one of the most contentious issues, has

### MAIN POINTS OF FINANCIAL STATEMENT

ECONOMIC FORECASTS: Output to rise 3 per cent in real terms in 1984 after 3 per cent rise this year compared with average for 1982. Money GDP of £250bn in 1984-85, 7.3 per cent rise on current financial year. Inflation to fall to lowest rate of 5 per cent in fourth quarter 1983 and 4 per cent by next year. That would mean increase in real income after tax and inflation as earnings forecast to rise in nominal terms by 6½ per cent in 1984-85 after 7 per cent rise in 1983-84.

FISCAL TARGETS: State spending of £126.4bn forecast for 1984-85, 5.5 per cent rise on 1983-84. Public-sector borrowing requirement expected to be £10bn this year against £8bn estimate in March budget; PSBR for 1984-85 estimated again at £8bn, but £500m tax increase would be needed to meet this target.

DEFENCE: Spending cut by £220m from White Paper total to £17bn for 1984-85, 8.2 per cent higher in volume terms than forecast for current year. TRADE: Current account expected to be broadly in balance in 1983 and 1984. Exports to rise ½ per cent by volume this year and 4 per cent in 1984; imports by 5 per cent this year and 5 per cent next year.

UNEMPLOYMENT: Forecast to average 2.65m, including school leavers, in current and next financial year; including school leavers, total of 3.02m in 1983-84 and 3.02m in 1984-85.

OFFSHORE ROLL-UP FUNDS: Details announced of tougher tax regime intended to bring the income from these funds into the income tax net and out of capital gains rules.

This new calculation illustrates how the financial constraints have been eased in on the Chancellor since March when the Treasury thought that an £8bn borrowing target next year could be achieved with tax cuts of about £500m.

Mr Lawson made clear to the House of Commons, his budget judgment will not be made until nearer the time. However, his hint of tax increases underlines the Treasury's current anxiety about the rate of increase in government borrowing and unplanned acceleration of departmental spending in the first half of this year.

Mr Lawson said that the Treasury currently expects the public-sector borrowing requirement (PSBR) to overshoot its £8bn target for this financial year by £2m. Although a substantial overshoot is now widely expected, Mr Lawson is unlikely to be relaxed about next year's expenditure projections until the current surge in spending comes under more obvious control.

Many commentators will be surprised, however, that tax increases should come on to the agenda after a series of extremely tough negotiations in which the Treasury has held total spending plans for next year down to the budget target of £126.4bn, a figure which represents no increase in real terms compared with this year's planned total.

This figure was achieved as a result of substantial cuts to some programmes, notably defence and housing, with a reduction in the nationalised industries' borrowing limit compared with the figures envisaged at the time of the last budget.

Defence spending, which was one of the most contentious issues, has

## Klöckner in takeover move to lift quota

BY JAMES BUCHAN IN PEGNITZ, BAVARIA

KLÖCKNER-WERKE, West Germany's fourth largest steelmaker, moved yesterday to enlarge the production quota allotted to it by the European Commission by taking over a small West German subsidiary of Arbed, the Luxembourg steel group.

Klöckner has been at odds with the Commission and with its fellow steelmakers in West Germany for several years for repeatedly exceeding its quotas. The deal could be a first step towards reducing these tensions.

Under the deal, which is subject to employees' and official approval, Maximilianhütte, the Bavarian subsidiary of Klöckner-Werke is to acquire the steel activities of Eschweiler Bergwerksverein (EBV), based in Aachen.

EBV, which is 99 per cent controlled by Arbed, is principally a coal-mining company whose steel production accounted for less than 1 per cent of Arbed's total output of 7.1m tonnes in Europe in the first nine months of this year.

In exchange for transferring EBV's steel interests to Maximilianhütte, the Arbed group will be left with about 15 per cent of the Bavarian company's capital, which is being written up from DM 163m (\$60.6m) to DM 193m (Klöckner-Werke did not put any cash value on the deal yesterday).

The deal gives the Klöckner group the opportunity to add EBV's steel requirements to its rolling mill to the present production quota allotted to Klöckner's large wide-strip rolling mill at Bremen.

Low rates of capacity use for the

Bremen plant have added to financial pressures on Klöckner-Werke while by exceeding the EEC quotas, the company has frequently been in conflict with the Commission and with the rest of the industry.

It lost out to Krupp last summer in an earlier attempt to increase its quota through acquisition.

Klöckner believes that relatively small-scale rationalisation offers a more realistic future for the German steel industry than such ambitious proposals as the failed merger plan between Thyssen and Krupp.

It also hopes for further co-operation with Arbed, already deeply involved in the restructuring of the West German industry through Arbed Saarstahl, for which financial rescue was agreed last week.

The EEC Commission released a further DM 85m of its DM 750m aid package to Arbed Saarstahl yesterday.

Paul Cheeseright adds from Luxembourg: More than 400 trade unionists have occupied and stopped production at the Valli wire rod plant near Liège in Belgium. The move signals a new campaign against retrenchment at Cockerill Sambre, the state-owned steelmaker.

The occupation is directly related to the agreement, expected to be signed in Luxembourg today, between the Belgian and Luxembourg governments on future co-operation between Cockerill Sambre and Arbed.

The Government of the Grand Duchy has only a small stake in the Luxembourg producer.

## Senate lifts U.S. debt ceiling and tackles IMF legislation

BY STEWART FLEMING IN WASHINGTON

THE U.S. Senate has voted to approve an increase in the federal debt ceiling, a decision expected to clear the way for the Treasury to resume normal financing operations, but one which apparently signals an end to congressional efforts this year to cut the U.S. budget deficit dramatically.

With Congress rushing to complete its legislative programme in order to adjourn this weekend, however, the fate of the Bill to authorise the U.S. to make its \$3.4bn contribution to the International Monetary Fund was still unclear.

After weeks of effort by officials of the Reagan Administration and congressional staffs to work out compromises aimed at securing the passage of the IMF legislation, the Senate yesterday morning began debating its version of the IMF Bill. The decision to move the IMF Bill to the Senate floor yesterday was a clear indication that intensive talks between the staff officials in both the Senate and the House of Representatives and with the Reagan Administration had worked out compromises on most of the contentious issues surrounding the IMF legislation.

The Reagan Administration has conceded a \$15.6bn housing appropriation Bill, which House Democrats had been demanding as the price of support for the IMF legislation. It seems that most of the differences between the House and Senate versions of the IMF legislation have also been resolved.

Two ideologically charged issues which have not been settled, however, are amendments to the IMF legislation aimed at restricting the Fund's freedom to lend to South Africa on the one hand and to communist governments on the other. Congressional officials were unable early yesterday to say how those matters would be resolved.

In the wake of the decision by the Senate to approve an increase in the Government's debt limit from

\$1,389bn to \$1,450bn, Senator Howard Baker, the majority leader in the Senate, predicted yesterday that the Senate would adjourn for Christmas today as previously planned.

Although the House of Representatives had previously enacted a higher debt ceiling, it was confidently predicted that the differences in the two Bills might be resolved, enabling the Treasury to begin issuing securities again to raise funds for its day-to-day operations. There had been fears that if the Congress failed to act, the Government's finances would have been thrown into chaos early in December as it ran out of cash.

The race to meet the Friday adjournment deadline means that, in spite of the mounting rhetoric in recent weeks, the chances of Congress's approving new legislation to cut budget deficits have now sunk virtually to zero.

Continued on Page 16

### CONTENTS

Europe	2
Companies	17
America	4, 7
Companies	17
Overseas	3
Companies	18
World Trade	4
Britain	8, 9
Companies	19-21
Agriculture	34
Appointments	34
Arts - Reviews	13
World Guide	13
Business Law	7
Commercial Law	36
Commodities	34
Currencies	35
Crossword	32

Editorial comment	14
Eurobonds	36
Euro-options	29
Financial Futures	35
Gold	34
Int. Capital Markets	15
Lex	15
Letters	15
Lombard	15
Management	10
Market Monitors	25
Men and Matters	14
Mining	35
Money Markets	22
Raw materials	34
Stock markets - Sources	25, 28
Wall Street	25-28
London	25, 29-31
Technology	6
Unit Trusts	32, 33
Weather	15

UK: the economics of 'no change'	14
U.S. index futures: market that soared away	15
Technology: software from Budapest	6
Management: a corporate strategy for recovery	10
South Africa: spotlight on monopoly power	11
Editorial comment: economic statement	14
Lex: Chancellor's report: Plessey, Philips	16
Lombard: what McMahon did not say	14
Portugal: foreign banks as reluctant customers	17
UK property - the M4: Survey	Section IV

Thinking of moving or expanding your business? There's no shortage of available factories and sites. They come in all sizes, shapes and locations, many with offices that are difficult to refuse.

But look hard at where they are and the longer term costs. Look at how long it takes to get to the motorway network and the eventual cost of moving yet again to achieve long term viability.

Northampton, a successful county town on the M1, midway between London and Birmingham provides the strategic location you'll be happy to live with and the same goes for our range of advance factory units and industrial sites.

There's a choice of unit factories, ranging from 3500 sq ft to 26000 sq ft immediately available at Brackmills and Moulton Park. All units have mains services, central heating, office and parking space. A number of small business units of 1000 sq ft are available at Moulton Park. At Moulton Park Science Campus there are 76 acres of fully serviced sites in a pleasant parkland setting adjacent to Nene College (Education & Research Complex) and the Blackwood Hodge Business Management Centre.

For more good news about the factory or site you can live with send for a free information pack.

**NORTHAMPTON**  
Contact Donald McLean on 0604 34734  
Northampton Development Corporation, 2-3 Market Square, Northampton NN1 2EN



## EUROPEAN NEWS

## Geneva missile talks to continue next week

BY BRIDGET BLOOM, DEFENCE CORRESPONDENT

THE GENEVA talks to limit nuclear weapons in Europe are to continue for another week despite the arrival of the first new U.S. cruise missiles in Britain.

U.S. and Soviet negotiators yesterday spent more than two hours in their second formal session this week and have agreed to meet again on Wednesday.

Although normally meetings are held on Tuesday and Thursday, the U.S. asked for

next week's session to be moved because of the U.S. Thanksgiving holiday.

The future of the Intermediate Nuclear Force (INF) talks have hung in the balance since the first consignment of cruise missiles arrived at the RAF Greenham Common airbase on Monday.

Soviet leaders, including Mr Yuri Andropov, have threatened to leave the talks if and when the new missiles "appeared" in Europe.

Western officials have never been sure whether Moscow intended the actual arrival of the missiles or their operational capability (a later phase) should be the trigger for a walk out from Geneva.

However, it is now clear that the Soviet delegation will remain in Geneva until after next Monday and Tuesday's critical debate on the missile issue in the West German parliament.

Although the opposition

SDP seems certain to vote against the missile deployment at the end of this week, the government is expected to win the Bundestag debate.

The arrival of nine Pershing II missiles in Germany, part of the new U.S. deployment programme, is expected immediately.

There was continuing speculation yesterday that this would provoke a Soviet withdrawal from Geneva, although some officials still believe

Moscow will decide that any abrupt pull-out is counter-productive in propaganda terms.

Yesterday's meeting lasted two hours and 15 minutes. As usual, neither side would comment on the content of the discussions, although it is thought that the refinement of the latest U.S. offer to limit the arsenals of each range warheads was discussed.

## Ceausescu seeks halt to N-weapon deployment

By Leslie Collett in East Berlin

ROMANIA'S leader, Mr Nicolae Ceausescu, last night called on the governments of all European countries in which new U.S. and Soviet intermediate range missiles are scheduled to be deployed not to permit their territories to be used as "bases for such destructive weapons."

In addition to Pershing 2 and cruise missiles, which are to be stationed in several European countries, the Soviet Union has said it will deploy new "tactical" missiles in East Germany and Czechoslovakia if the U.S. missiles are deployed.

President Ceausescu said the deployment of the missiles would be a violation of the treaty on non-proliferation of nuclear weapons signed by both Washington and Moscow.

He reiterated Romania's view that the Geneva talks between the U.S. and the Soviet Union should not try to reach agreement on an equal number of missiles but should lead to the elimination of all intermediate-range missiles in Europe.

The Romanian leader noted that if the U.S. fails to deploy several hundred missiles in Western Europe and the Soviet Union "withdraws and scraps" its missiles this would not lead to the imbalance which the two countries claim would result.

However, the relations have reached a post-war peak after a two-day visit to Hungary by Austria's new Chancellor, Herr Fred Sinowatz. The visit, which ended yesterday, was chosen to emphasise the close relations between the two neighbours and former allies.

## EEC and Japan in new talks on VCR imports

BY OUR TOKYO CORRESPONDENT

THE JAPANESE International Trade and Industry Minister, Mr Masahiko Uno, will meet Viscount Etienne Davignon, EEC Industry Commissioner, today to discuss exports of Japanese video cassette recorders (VCRs) to the Community.

They did not reach agreement in Wednesday's first round of talks on a quantitative ceiling on Japanese VCR shipments next year to the Community, Mr Uno said.

This year Japan has limited its VCR exports to the EEC to 4.55m units.

During a two-hour discussion on VCRs and other export items Mr Uno is believed to have argued that the export restraint agreement negotiated this year should be revised in view of increasing output of VCRs by Japanese assembly plants in Europe.

Viscount Davignon pointed out that the agreement was originally intended to run for three years and that in return for Japan's promise to restrain imports, two European electronics companies had dropped anti-dumping charges against Japanese exporters.

The EEC wants Japan to continue to limit exports next year and to extend the arrangement under which European VCR makers are guaranteed a minimum level of sales in Europe (1.2m units in 1983).

The EEC also opposes Japan's proposal to exclude from export re-



Viscount Etienne Davignon

strained all VCR kits exported to Europe for assembly.

It is ready, however, to consider proposals for excluding kits exported to Europe for manufacturing operations which incorporate a certain minimum local added value.

The minimum level would probably be well below 50 per cent but would be high enough to ensure that some components were being procured in Europe.

Failure to reach agreement on the VCR export issue by the end of the week could mean that the meeting of the EEC Council of Ministers will once again be preoccupied with Japanese trade issues.

## Deployment drama nears climax in Bonn

BY RUPERT CORNWELL IN BONN

OVER the coming seven days, the inevitable but no less momentous scenes which constitute the long-heralded climax to West Germany's "autumn of the missiles" will be acted out.

First, the opposition Social Democrat party will at a special congress in Cologne this weekend formally and overwhelmingly reject the imminent deployment of cruise, and above all Pershing 2 missiles on the soil of the Federal Republic.

Between 85 and 90 per cent of delegates are expected to oppose deployment, although that figure will probably not include Herr Helmut Schmidt.

The former Chancellor was largely instrumental in promoting the "twin-track" decision of NATO in autumn 1979. That decision meant NATO would negotiate with the Soviet Union and, simultaneously, press ahead with plans to install new missiles should those talks fail.

But the talks are now to all intent and purposes deadlocked.

On Monday and Tuesday, therefore, a second scene should be enacted in the Bundestag when the West German Parliament, whatever the SDP might say, gives the decisive go-ahead for the deployment of the missiles.

Its deliberations may well be drowned by the noise outside as the country's peace movement carries out its threat to besiege the Parliament building during the two days of debate. But the majority for deployment is secure, barring an utterly unexpected collapse of political will by the conservative-liberal coalition government of Herr Helmut Kohl.

Then, at the end of next week should come the denouement, as the first Pershing 2s are delivered, probably to the accompaniment of protest at least as vehement as that seen over the past few days in Bonn.

Less easy to foresee, however, are the consequences, in particular of the line adopted in

been doing his utmost to secure as much unity as possible at the congress. The difficult task before him has been underlined by the long hours spent by the SDP executive in deciding on the precise wording of the motion.

Herr Brandt has made his own desire clear. The congress should oppose deployment and press for a continuation of the Geneva talks in the hope of agreement. But he has resisted demands by the left-wing of the party for the withdrawal of the Federal Republic — along French lines — from the Alliance's integrated military structure.

West Germany's place is in NATO but disarmament, rather than new nuclear weapons, should be the overriding priority, Herr Brandt maintains.

Clearly there are domestic political calculations too. An SDP further to the left might be better placed to pick up the support now going to the radical anti-missile Green move-

ment, should the latter—as some suspect—lose strength once deployment gets under way.

In fact, local election results since March provide less than conclusive evidence for this theory. In Germany as in any other democracy, the centre remains where elections are won and lost, and too sharp a lurch to the left could well cost the SDP crucial moderate support.

Above all, what is happening in the SDP goes beyond the question of whether still more deadly nuclear weapons should be installed in a country already more densely packed with them than any other in NATO.

The Pershing and cruise missiles raise much wider issues about Germany's future and its relations with the U.S., to which Herr Brandt's recent remark that the whole structure of the alliance would have to be discussed, indirectly referred. These particular issues will not be put back in the bottle in Cologne this weekend.

## Athens steps up pressure on Denktash

By Andriana Ierodiakonou in Athens

THE GREEK Prime Minister, Dr Andreas Papandreu, yesterday said his government will concentrate diplomatic efforts on getting Turkish Cypriot leader Mr Rauf Denktash to revoke his unilateral declaration of independence in northern Cyprus.

Otherwise there could be "very serious" repercussions on security in the Eastern Mediterranean, he warned.

Dr Papandreu's statements followed talks in Athens with Cypriot President Spyros Kyprianou, who was on his way to London and the UN in New York.

Greek and Cypriot strategy is to rely heavily on bringing international pressure to bear on Mr Denktash. Both Athens and Nicosia have been counting their friends worldwide in the past two days.

Both the Greek and Cypriot governments greeted with relief yesterday's announcement by Tass, the Soviet news agency, condemning Mr Denktash's move and asking for "an annulment" of UDI in Cyprus.

Earlier there had been concern in Athens over the silence maintained by Moscow and most of Eastern Europe on the Cyprus crisis.

Until late yesterday only Romania and East Germany had issued statements against the UDI move. Moscow's response had been limited to a lukewarm Tass commentary calling for an international conference on Cyprus in the framework of the UN but avoiding direct condemnation of Mr Denktash's actions.

This was felt to be a major blow to the policy of rapprochement with the east pursued by Mr Papandreu's government.

The ambassadors of the Soviet Union and Eastern Europe were summoned to the Greek Foreign Ministry on Wednesday and asked to clarify their positions on the developments in Cyprus. This tactic appears to have paid off.

The slowness of the Soviet reaction was not entirely surprising. In an official visit to Greece last February, Mr Nikolai Tikhonov, the Soviet Premier, reportedly made it clear to Mr Papandreu that Moscow would not take sides in a Greek-Turkish dispute in the Aegean or in Cyprus.

Late yesterday, Mr Papandreu and Mr Kyprianou said in Athens they were both satisfied with the results of their international appeal for diplomatic pressure against Mr Denktash and Ankara.

Reuter adds: Turkey said it had accepted Britain's call for urgent talks with Ankara and Athens on the Cyprus crisis.

Greece has said it could not attend trilateral talks because of Turkey's recognition of the newly-declared state in northern Cyprus.

But Ankara described Britain's draft UN Security Council resolution calling for reversal of the independence declaration as negative and said it would serve no use.

In Nicosia Greek Cypriots held a one-hour general strike in a widely-observed protest against Tuesday's declaration of independence.

## France likely to overshoot inflation target

BY PAUL BETTS IN PARIS

FRANCE is unlikely to meet its revised 9 per cent inflation target this year following the release yesterday of provisional retail price inflation figures for October showing a 0.7 per cent rise in the monthly price index.

The latest figures are a blow to the French Government which was originally hoping to contain the rate of retail price inflation at 8 per cent this year.

A few weeks ago, the government acknowledged this target would be overshoot and had

established a new target of 9 per cent.

M Jacques Delors, the French Economy and Finance Minister, said yesterday he was a little disappointed by the October figures. Nonetheless he claimed the general inflation trend remained satisfactory.

The 0.7 per cent rise in the price index last month follows a 0.8 per cent rise in September. Since the start of the year, the index has increased by 3.4 per cent. It is highly unlikely that

it will increase by no more than 0.6 per cent during the next two months to enable the government to meet the revised 9 per cent inflation target for the year.

The latest rise continues to reflect the sharp increases in food and service prices since the end of the summer and the latest automatic increases in rents.

Many economists are now expecting an inflation rate of about 9.5 per cent this year in

France or close to the 9.7 per cent rate of last year.

The latest figures also mean the government's ambitious target of holding down consumer inflation at a rate of 5 per cent next year looks more unlikely than ever.

In an effort to win wider public support for its anti-inflation efforts, the Finance Ministry has been running advertisements on television on the theme of the need for France to contain inflation

## Group of Ten plan reform talks

BY DAVID MARSH IN PARIS

THE MAIN international financial organisations are to pool resources over the next few months to try to work out guidelines for a better co-ordination of the world monetary system.

This was agreed by top financial officials from the main industrialised countries in Paris yesterday. They were holding a preliminary meeting to sketch out plans for monetary reform talks set in motion by a resolution of the top industrialised nations at this summer's Williamsburg summit.

The talks, held by senior Central Bankers and Treasury officials from the 10 richest Western nations—the so-called Group of Ten—deputies—were described as "harmless" by one central banking delegate last night.

The International Monetary Fund, Bank for International Settlements, and the Organisation for Economic Co-operation

and Development are to contribute to further analysis of monetary problems in the next few months. This is expected to lead to a meeting of Group of Ten Finance Ministers early next year.

Delegates conceded yesterday that in view of existing divergence in economic policies—particularly between the U.S. and Europe over budget deficits—there would be only slow progress towards any durable improvement in international monetary arrangements.

The idea for the reform talks was sparked off by French President Francois Mitterrand in a keynote speech last May. But it is clear his suggestion of a Bretton Woods conference to renew world monetary order remains a very distant prospect.

Discussions yesterday focussed on three areas. These were the need for exchange rate

surveillance by the IMF, harmonisation of macro-economic policies and the likely needs for global liquidity creation in coming years.

One delegate said countries agreed on the need for reduced volatility of exchange rates. The U.S., which has angered its European partners by adopting a laissez-faire policy on the dollar as "forthcoming" in discussing problems of currency fluctuations.

But participants have been disillusioned about the idea of launching a new general study on exchange market movements. A voluminous report on currency intervention, produced under the aegis of the French Treasury and published in the summer, was immediately downplayed by the U.S. when it appeared. One senior European Treasury official said he was "fed up" with the long drawn out process of drawing up such documents.

## Bomb dismantled

Army explosives experts have dismantled a bomb near Australia's only atomic reactor. A spokesman said the bomb did not pose a threat. AP reports from Sydney.

A spokesman said the bomb did not pose a threat. AP reports from Sydney. Police said the bomb was found during an inspection of a power relay station 500 yards from the government Lucas Heights Atomic Energy Commission plant.

## Taiwan growth

Taiwan's economic growth is expected to increase by 7.5 per cent for 1984 compared with an estimated growth of 6.9 per cent for the current year, according to a government economic planning body, AP-DJ reports from Taipei.

## Uganda by-elections

The Ruling Uganda People's Congress (UPC) made a clean sweep of the country's first parliamentary by-elections since December 1981. It won the only two contested seats and its candidates were declared "unopposed winners in six other districts, Reuter reports from Kampala.

Christopher Bobinski in Warsaw explains how a lack of consumer goods can become a source of unrest

## Politics aside the Poles find it hard to spend money

WHEN a few weeks ago, Poles greeted the reintroduction of butter rationing with a wave of anger, the authorities moved quickly. The Government met in special session, apologised to consumers for the way the move was made, and reprimanded the Minister, who in turn sacked two of his deputies.

Much of the anger arose from the bitter disappointment that fragile hopes of things improving had been dashed. Panic buying followed of other articles people feared might be rationed in some parts of the country.

Reaction is now awaited to the new food prices, due to come in in the New Year and published last week. These prices are designed to match higher agricultural prices being paid to farmers from last July and are another reminder to the people that things could get worse before they get better.

The authorities have been careful about the presentation of the new prices. The rises average around 20 per cent and consultations are to be held, permitting the authorities to lower the increases a few points if need be.

For the people are tired of hardship, and of lack of information about economic conditions. Many feel that the authorities should at least say clearly when things are going to get better, as the wait would

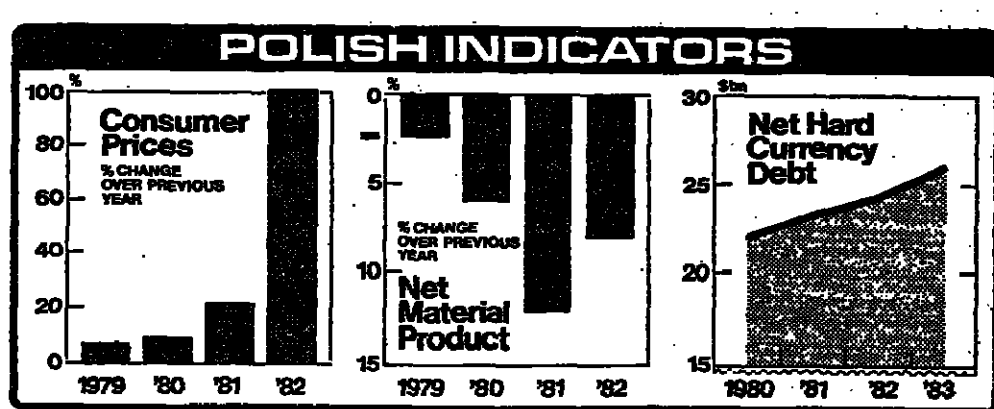
be easier if an end was in sight. The chances that tomorrow's central committee meeting will provide such information are slight. But the debate on the state of the economy will be outspoken and the message that progress is too slow will be strongly put.

Some speakers will, with justification, blame Western sanctions; others will heap abuse on speculators and work-shy "social parasites." Still others may criticise the Government, thus opening the way to a Cabinet reshuffle at the beginning of next week.

If the reaction to the new prices is strong, then central committee members will be more outspoken in defending workers' living standards and blaming the Government. A reshuffle could take some of the strain.

The authorities clearly realise that they have to tread carefully. A communiqué following a Politburo meeting last Friday promised more information on the state of the economy and explanations of official decisions.

More communication will be needed, for 1984 promises to be a difficult year. Draft plans forecasting growth in industrial production of between 4.5 and 5.5 per cent have already come under fire as unrealistically high. The figures assume an



Net material product is the nearest Common equivalent to gross domestic product

unprecedented 2.5 per cent rate of savings in raw materials consumption.

The industrial production figure is also tied to a 16 per cent growth in hard currency exports to pay for essential imports.

This looks unlikely, as exports to the West this year have scarcely increased over last year's level.

Much of Poland's hard currency earnings this year have come from exports of raw materials such as coal and copper, and possibilities of growth here are running out. The weakness is the engineering sector, where hard currency sales are far below plan and show little sign of improving next year. Quality has dropped and engineering exports have been hard hit by the withdrawal of most-favoured-nation status by the U.S., and shortages of components and spare parts due to the cutting off of Western credit.

The credit situation for next year is quite unclear. This year Poland has managed to raise \$800m, mostly from Libya and China, compared with \$1.5bn in 1982 and \$4.5bn in 1981.

Talks with Western governments on the rescheduling of slightly over half of Poland's \$2bn debt are only just beginning in the Paris Club and the country has still not been allowed to join the International Monetary Fund.

Even though talks with commercial banks on rescheduling payments due next year are continuing, this year's agreement has been criticised for not leaving enough breathing space for the economy. The chances of getting better terms next year are slim, however.

The inflation rate is likely to reach more than the 16 per cent projected for next year as workers demand pay increases and industry continues to produce as great a share of non-consumer goods as it ever did, driving up the price of consumer goods.

Meanwhile consumer industries, which if given the conditions to develop could soak up some of the demand, are struggling to win better allocation of resources at the expense of their jealous rivals.

Next year will also be critical for food supplies, especially meat. Since martial law came in in December, 1981, the weather has been kind to General Wojciech Jaruzelski's crop levels have been respectable.

The cut in Western grain credits which reduced imports from an annual 8m tonnes in the late 1970s to 3.5m tonnes at the moment has led to a record drop in the pig herd. The slump will be felt in full next year and the authorities will be struggling to maintain ration allocations by cutting supplies to restaurants and canteens, lowering meat exports and importing corn to boost chicken production.

Experts have already started calling for a rise in the price the state pays to farmers for meat to boost production, which is showing slight signs of improvement. But the effects will be felt only at the end of next year. A poor harvest next year would set recovery back and necessitate further imports of expensive grains and feed.

As the problems multiply and the prospects of tangible recovery recede, the Government has responded traditionally by trying to centralise as many sectors as possible. The decentralising economic reform which started coming in last

year is being whittled away so much that the Professor Jaruzelski, one of the members of the commission which drew up the reform, has called for a moratorium on its introduction.

This would permit the Government to concentrate on the tangled methods of trying to influence the economy through indirect economic means: and the loss of power which decentralisation brings, to go back to methods of central direction without at least giving the reform a bad name.

With few political concessions on the horizon, the only other way of keeping the population reasonably quiescent is through an improvement in the shop shelves. But even were the economy to grow again next year by the planned 3.5 per cent, production of consumer goods will still fall below expectations, and the outlook of food is gloomy.

General Jaruzelski has lately tended to leave the running of the economy in the hands of his deputies. He may be ill advised to do so, for it is here that his political future is being decided.

FINANCIAL TIMES, USPS No. 106000, published daily except Sundays and holidays. U.S. subscriptions: \$120.00 per annum. Second class postage paid at New York, NY and at additional mailing offices. POSTMASTER: send address changes to FINANCIAL TIMES, 75 Rockefeller Plaza, NY, NY 10019.



## OVERSEAS NEWS

## Hitachi payments to IBM could reach \$280m

BY JUREK MARTIN IN TOKYO

HITACHI's total payments to International Business Machines could well exceed \$150m and conceivably climb as high as \$280m over the next few years as a result of the out-of-court settlement of the so-called IBM "spy case."

The exact amount appears to depend on the extent to which Hitachi is able to develop and sell its own computer software, thus reducing royalty payments it has agreed to make to IBM in recognition of IBM's copyright on its existing software goods.

Hitachi declined to comment, but added that it was impressed by a spate of Japanese Press reports giving hitherto unreleased details of the IBM settlement.

The most authoritative of these said that Hitachi was prepared to pay \$50m (about \$25-29m) annually in royalty payments to IBM for as much as the next eight years.

It had previously been disclosed that Hitachi was to pay IBM \$10m for past royalty obligations and covered IBM's court costs, estimated to be over \$10m.

Although, on paper, this could involve Hitachi in a total

obligation approaching \$250m, the Japanese company apparently believes that its future royalty payments will substantially drop off after two years, as its new generation of software replaces its current line, on which IBM copyright has been acknowledged.

Although clearly onerous, the payments would appear to be well within Hitachi's financial compass. In its most recent half-yearly results, it showed a recurring profit of ¥89m (19 per cent up) and a net profit of ¥41m, a 15 per cent improvement.

The ¥100m payment for past royalties has been included in the books for the current half year as a "miscellaneous" loss. So far Hitachi has resolvedly refused to divulge, on its own initiative, the terms of the IBM agreement and IBM has stated, at recently as this week in court in California, that it is up to the Japanese company to make any disclosure.

However, Hitachi officials have just as persistently denied one published report that its royalty payments to IBM, described by one U.S. lawyer as "the crown jewels" of the settlement, could reach the equivalent of \$300m.

## Trade links likely to be restored in E. Africa

By Quentin Peel, Africa Editor

AGREEMENT by the Presidents of Kenya, Tanzania and Uganda on the distribution of assets from the defunct East African Community, reached early yesterday, clears the way for a normalisation of relations in the region, starting with the reopening of the border between Kenya and Tanzania.

This was confirmed by President Julius Nyerere of Tanzania at the end of the summit meeting in Arusha.

Officials expect, however, only a gradual recovery of trading links between the countries, which have diversified their external links since the collapse of the East African Community in 1977.

Failure to agree on the distribution of Community assets—including railway rolling stock, ferry boats, workshops, and the newly-built headquarters in Arusha—has bedevilled relations between the former partners over the past six years. In addition, diplomatic relations between Kenya and Tanzania in particular have been frosty.

Sudanese Army troops stormed a rebel hideout near the southern town of Bentiu yesterday, freeing two British hostages and inflicting heavy casualties on the rebels, according to an army statement, AP reports from Khartoum.

both because of personality differences and ideological disagreements.

The agreement provides for both Kenya, and to a lesser extent Tanzania, to have a say in the management of the assets, which were left with the fewest fixed assets after 1977. President Nyerere said Kenya and Tanzania had agreed to pay either in convertible shillings or in goods, facilities or services.

Given the foreign exchange shortages in all three countries, one likely means of repayment is thought to be granting the Uganda concessionary rates on transit traffic through its neighbours.

The agreement on the distribution of assets and liabilities follows extended negotiations by Dr Viktor Umbricht, a Swiss diplomat appointed to that task by the World Bank in 1977. He concluded that approximately 50 per cent of assets were that Kenya inherited 52.1 per cent, Tanzania 35.2 per cent and Uganda only 12.7 per cent of the Community assets. The transfer of \$190m to Uganda is intended to compensate it for its small share.

Dr Umbricht's report two years ago was the subject of regular discussions between officials and Ministers without any obvious signs of progress.

Political observers in East Africa believe that the dismissal of Mr Charles Njonjo, the former Kenyan Minister of General and Minister of Constitutional Affairs, was an important factor behind the improved political relations, because he was deeply distrusted by both President Nyerere and President Milton Obote of Uganda.

Another factor in the agreement has probably been the economic plight of all three countries, who have all suffered from the break-up of the Community, once regarded as a model of regional co-operation in Africa.

Kenya used to export goods worth some \$15m a year to Tanzania before the border closure, but is unlikely to recapture that market quickly. The major stumbling block is Tanzania's desperate shortage of foreign exchange, and officials also expect the border re-opening to be carried out in phases.

The tourist industry could benefit more quickly, although Tanzania is keen to negotiate for a larger share of hard currency earnings from tourists who come into the country.

Rebels captured

Burmese troops have captured a Karen guerrilla camp near Thailand's western border after clashes which claimed casualties on both sides, Thai police said yesterday. Hundreds of Karen people had fled the area in the face of the government offensive, launched after Karen leaders gave several incentives to the plantation sector, especially tea and coconut.

Indonesian talks

French Foreign Minister Claude Cheysson is expected to discuss in his talks today with Indonesian leaders the question of French nuclear testing in the Pacific and the Cambodian problem, according to Foreign Minister Mochtar Kusumatmadja. AP reports from Jakarta.

Hawke's plans

Australian Prime Minister Bob Hawke said he planned to raise the issues of Cyprus, disarmament and nuclear non-proliferation at the Commonwealth Heads of Government meeting in New Delhi next week, AP reports from Canberra.

West Bank move

New U.S. special Middle East envoy Donald Rumsfeld met Israeli Prime Minister Yitzhak Shamir and reportedly raised the possibility of bringing Jordan and the Palestinians to the negotiating table to discuss the future of the West Bank, AP reports from Jerusalem.

## Peking and Moscow reopen border in central Asia

BY OUR PEKING CORRESPONDENT

CHINA and the Soviet Union have reopened their 3,000 km border in central Asia for trade exchanges.

A convoy of Soviet-built trucks passed through a border post at Horgos, on the north-west boundary of China's Xinjiang province yesterday and a group of Soviet officials were entertained by the Chinese.

The official Chinese news

agency, Xinhua, reported that a second crossing post, at Turpan near the city of Kashgar in southern Xinjiang, was also reopening.

The border was closed officially in 1962 when China and the Soviet Union became divided over ideology and the last trade crossing was 10 years ago.

Xinhua said an agreement to

reopen the border posts had been reached last year. But senior Chinese officials said several weeks ago that negotiations were still under way in Moscow and agreement was being delayed because of "difficulties" on the part of the Russians.

The decision is the first evidence of improvement in relations between the two Communist nations since a third

round of talks discussing the possibility of normalisation ended in Peking last month.

While the two sides agreed to meet again next year and there is believed to have been an agreement in principle to increase trade and low-level technical and educational exchanges, the talks made no apparent progress on major foreign policy disagreements.

The two border posts, which

were trade routes in the 1950s, will be used for the exchange of goods under state level trade agreements. The target for Sino-Soviet border trade increased this year by 170 per cent to about \$900m.

Chinese officials have said their main exports across the border will be long-staple cotton and fruit while the Soviet exports would include glass and coffee.

## China in drive against 'spiritual pollution'

BY MARK BAKER IN PEKING

China has disciplined several of its most senior propaganda officials as its anti-liberalism campaign gathers momentum, writes our Peking Correspondent.

Two high-ranking editors of the party newspaper, People's Daily, have been removed from their positions, and the

Minister for Culture and the leader of official literary circles have both been forced to make public self-criticisms.

The director of the People's Daily, Mr Hu Jiwei, and the Deputy Editor-in-Chief in charge of ideological matters, Mr Wang Ruoshui, have both been replaced.

Peking of the abrupt crackdown in March 1980 against the democracy wall movement, China's brief flirtation with free expression in wall posters and public rallies. It has also reinforced Deng's image of a tough and uncompromising leader on questions of discipline and public morality. This is often obscured by the great attention his formidable economic achievements attract.

Spiritual pollution has been defined by the head of the party's propaganda department, Deng Liqun, in four categories: "Things which are obscene, vulgar and unethical artistic performances; lust for personal fame and fortune; and articles and speeches which criticise or question Marxism and Socialism."

"Some of the people associated with these things are party members and some are cadres (officials) in the party. Although small in number, like germs, if you don't try to stop them they will become conta-

gious and will cause very grave damage," he said.

Attention has been concentrated on the "spiritual pollution" claimed to have entered China because of its opening to the West over the past five years. The alleged pollutants have ranged from smuggled pornographic videotapes—very popular with the army top brass and at least one ageing Politburo member—to excessive hugging and kissing in public. Any abstract idiom in the arts, theatre and literature has been denounced. The only clearly acceptable theme is realism with a beneficial—and preferable—unmistakable—Socialist message.

A forum in southern Guangxi province described literary pollution as "the unhealthy phenomenon of drifting away from realities, of the pursuit of the so-called exotic surroundings and mood, the fabrication of absurd plots." The works of Sartre have been held up as an example for ridicule for their

"evil" and bourgeois influence of "unrestrained freedom." An editorial in the People's Daily said: "Writers and artists should be engineers of people's souls, building socialist spiritual civilisation."

At times the campaign has had elements of pure force. The People's Liberation Army held its first-ever poetry forum to guard against pollution in verse and resolved: "PLA readers do not like those riddle-like poems."

At the recent 10th Chinese national union congress, the deputy director of an engineering factory in Hunan said: "Staff members and workers should raise their political quality and act as corrosion-resistant and contamination-proof stainless steel."

The real targets of the campaign are believed to be an influential and growing band of officials, theoreticians and writers whose number extends into some of the highest levels of the party and the bureau-

cracy. They are liberal Marxists who believe that China should be following a much freer brand of socialism and that greater personal liberties should be introduced along with the current relaxation of economic controls.

These people, many in their 40s and 50s, have lived through the cultural revolution, are disillusioned and question the necessity of Deng's hard-line Marxism. Their attitudes are surfacing more frequently in literature and the arts, often in official media.

One of a number of prominent people who have been forced to make public self-criticisms during the campaign has been Zhou Yang, the 75-year-old leader of official literary and intellectual circles. His offence was to have written a major paper, published in People's Daily in March, commemorating the centenary of Karl Marx.

The paper suggested that Marx's concept of alienation in capitalist society could also apply in socialist society, that people could be alienated because of failures in the system, official abuses and economic errors, a concept that is anathema to the Dengists.

Zhou Yang has been forced to recant. "Alienation" and "humanitarianism" have become catchwords for abuse in the campaign.

## Broad agreement on IMF package for Philippines

WASHINGTON — The International Monetary Fund (IMF) and the Philippines have reached broad agreement on a loan package for the economically ailing country, according to officials.

Mr Cesar Virata, Philippines Prime Minister, held talks with IMF officials on the loan programme which might eventually provide about \$647m for his country.

The IMF has put a freeze on almost any new major loans until its member countries, including the U.S., give final legislative approval to a major increase in quotas tentatively approved earlier this year.

The U.S. Congress is wrestling with a Bill appropriating the \$84bn U.S. share, but the measure has become enmeshed in domestic politics.

Last month, the Philippines, with a total foreign debt of \$18bn requested a 90-day suspension of its principal repayments owed to commercial banks while it worked out its financing needs for the rest of this year and 1984.

If U.S. legislators approve Washington's contribution to the IMF before Congress's scheduled recess today, it could open up the agency to an additional \$60m in bridging loans from the Bank of International Settlements and Saudi Arabia.

Emilia Tagaza writes from Manila: The Philippines Government in its letter of intent to the IMF has committed itself to achieve a marginal growth in Gross Domestic Product (GDP) in 1984. This is going to be difficult to achieve, according to observers here, since the population is expected to grow by 2.5 per cent, and GDP growth could be zero.

The letter of intent commits the Government to a tight limit on credit expansion and a drastic cut in the 1984 budget deficit from the programmed P800 (\$628m) to P650 (\$524m). With curbs on credit growth and government spending, it is hoped the 1984 current account deficit will be contained to \$1.5bn.

## Sri Lanka announces 'rehabilitation tax'

BY MERVYN DE SILVA IN COLOMBO

A REHABILITATION tax, aimed at helping Sri Lankan victims of the anti-Tamil riot in July will require all wage earners to pay 1 per cent and income tax payers 10 per cent of their 1984-85 earnings.

Announcing the measure, Mr Ronnie de Mel, Finance Minister, said in his budget speech on Wednesday that the economic damage was less than feared. There had been no serious dislocation in the tea sector, and the rubber industry was unaffected. Tourism, however, had been quite seriously affected.

While recovery would be faster than anticipated, any repetition of the July disturbances would prove disastrous. Drought in the first part of the year and the ethnic violence would result in a decline of tea production by 4.3 per cent and rubber by 14 per cent. The budget gave several incentives to the plantation sector, especially tea and coconut.



In Muscat

Oman's finest hotel, the Muscat Inter-Continental Hotel is perfectly located between the airport and the city's commercial centre. A true oasis, with all of the services required by business travellers, superb sports facilities and, of course, exquisite international cuisine. We look forward to offering you the Inter-Continental advantage.

THE ADVANTAGE IS INTER-CONTINENTAL  
MUSCAT INTER-CONTINENTAL HOTEL

P.O. Box 7398, Jibrah/Muttrah, Tel: 5491

For reservations call your nearest Inter-Continental sales office. There are also superb Inter-Continental Hotels in Abu Dhabi, Al Ain, Amman, Bahrain, Dubai, Riyadh, Teif and over 80 cities around the world.

## When a company calls Daewoo, there are 70,000 reasons why.

Get to know the people at Daewoo, and you'll see the reasons more and more companies are calling the company law had even heard of.

You'll see the exceptional dedication and energy that's brought Daewoo over \$3 billion in sales in just 16 years.

You'll also discover the talent and innovation that have allowed us to expand into dozens of new fields, making Daewoo one of the largest, most diverse multinational companies in the world. From shipbuilding to textiles, our global operations are growing more successful each year.

And you'll find insight and foresight, two more reasons our well-trained people have been able to earn and keep the trust of an impressive list of prominent companies. The kind that demand a lot from their partners.

The fact is, people are Daewoo's greatest resource. So the next time you need good partners, no matter what your project or problem, look for good people.

There are 70,000 of them at Daewoo.

C.P.O. BOX 2810, 8269 SEOUL, KOREA  
TLX: DAEWOO K23341-5

DAEWOO  
BECAUSE GOOD PEOPLE MAKE GOOD PARTNERS.



## AMERICAN NEWS

## Glenn goes on attack against Mondale

By Reginald Dale, U.S. Editor in Washington

A NEWLY PUGNACIOUS Senator John Glenn of Ohio has, none of the attack against his chief rival for next year's Democratic Presidential nomination, former vice-president Walter Mondale, as the impression gains ground in Washington that the Glenn campaign may be faltering.

The former astronaut Mr. Glenn has been trying to turn the tables on Mr. Mondale this week. After examining Mr. Mondale's voting record as a senator in the 1970s, Mr. Glenn charged that his rival had been "weak" on defence.

Mr. Glenn had only last month virtually accused Mr. Mondale of cheating by dragging up past voting records — specifically Mr. Glenn's 1981 senate vote in favour of President Ronald Reagan's controversial tax cut — a vote for "Reaganomics," Mr. Mondale said.

Mr. Glenn's counter-attack has now become two-pronged. In the first place, he said on Tuesday, Mr. Mondale had opposed a number of major weapons systems that Mr. Glenn and the majority of other senators had supported.

Secondly, he charged on Wednesday, Mr. Mondale had promised so much to special interest groups through his "do-everything" policies that he would find it impossible to reduce massive U.S. budget deficits.

## Greyhound resumes partial service

GREYHOUND has line resumed partial services with a strike-breaking workforce throughout much of the U.S. yesterday amid conflicting claims about the effectiveness of union picket lines. Terry Dedworth writes from New York.

According to the company, 1,600 union members out of the total unionised workforce of 12,500 turned up for work on the new and much reduced pay scale.

The company claimed that the 1,600, working alongside almost 1,200 newly-hired drivers, enabled it to run all the services it had planned. Union representatives, however, insisted that the strike was holding.

## Signs point to U.S. growth, says Feldstein

By Paul Betts in Paris

THE U.S. ECONOMY is expected to continue to grow strongly in coming months despite the recent slowdown in the recovery from the explosive pace of this year's second quarter. Mr. Martin Feldstein, chairman of President Reagan's council of economic advisers, said in Paris yesterday.

He said all signs continued to point to a 4.5 per cent real growth in the U.S. economy from the fourth quarter of this year to the fourth quarter of next year.

Mr. Feldstein, who was addressing the American Chamber of Commerce in France yesterday, is in Paris to chair a two-day meeting of the economic policy committee of the Organisation for Economic Co-operation and Development (OECD).

Economists are expecting the OECD committee to revise upwards its economic forecasts since its last report in July. In that month, the OECD was forecasting gross national product (GNP) real growth rate of 3.6 per cent in OECD countries next year.

Mr. Feldstein, who claimed that U.S. inflation was not under control, said there should not be any further tightening of the U.S. monetary aggregates in the months ahead and that the Federal Reserve could therefore expand money growth in line with its previously announced targets.

But he also warned against pressure in the U.S. Congress for easier money. He said neither President Reagan nor Mr. Paul Volcker, Fed chairman, were likely to succumb to these pressures. "They recognise that an excessively expansionist monetary policy would only increase inflation and reduce the prospects for a long and healthy recovery."

Mr. Feldstein again warned of the impact the large U.S. budget deficits are likely to have on recovery in the longer term. While in the short term, the U.S. deficits will probably have a positive impact on the recovery, the prospect of a string of large deficits in the future inevitably raised real long-term interest rates above the level where they should be.

In turn, this crowds out economic activity in key interest-sensitive sectors. The anticipation of future large deficits is propping up interest rates and the value of the U.S. dollar, thus maintaining the U.S. trade deficit at record levels.

Mr. Feldstein said the U.S. trade deficit was likely to double from 1982's record of \$38bn to between \$60bn - \$70bn this year. Next year, the trade deficit was likely to be in excess of \$100bn, he said.

## Mexico to reprivatise nationalised companies

By William Chislett in Mexico City

THE MEXICAN Government will return to the private sector all the several hundred companies, insurance firms and brokerage houses in which the former privately owned banks had equity stakes or owned them completely, a senior Government official said yesterday.

When the last government of Sr. Lopez Portillo nationalised the private banking system in September last year, the state also took over the banks' industrial portfolios, which include equity stakes in the majority of the country's 100 most actively traded com-

panies on the Mexican stock exchange.

The Government of President Miguel De La Madrid had spoken of keeping the banks' participation in "strategic" industries like mining and secondary petrochemicals. The trade union movement, which is closely allied to the ruling Institutional Revolutionary Party, has been demanding that the Government keep most of the non-banking assets.

The official said the Government hoped to restore some of the private sector's shattered confidence by returning all these concerns.

## U.S., China grain and textile link unresolved

By Nancy Dunne in Washington

A DISPUTE over linkage between grains and textile trade remained unsettled at the conclusion of U.S.-Chinese talks this week in Washington.

In a four year grain sales pact beginning in 1981, the Chinese agreed to buy a minimum of 600,000 tonnes of U.S. grain a year for four years. They bought 8.3m tonnes in 1981 and 8.8m tonnes in 1982.

However, this year when the two sides became embroiled in a dispute over the Chinese share of U.S. textile market, the Chinese reduced their grain purchases to about 3m tonnes.

In the talks this week, the Chinese implied that future grain purchases would continue to depend on textile imports.

A Department of Agriculture spokesman said the Chinese indicated they might buy up to 9m tonnes of grain in 1984 "as long as the U.S. remains competitive."

Although the two countries have reached an agreement on textiles, relations have been clouded by a countervailing duty petition filed by textile manufacturers with the Department of Commerce. The petition is unusual because it claims a Chinese subsidy via a dual exchange rate.

China plans "substantial increases" over the next several years in imports in the energy, transportation and communications sectors as part of efforts toward sustained economic growth, according to Mr. Malcolm Baldrige U.S. Commerce Secretary.

He predicted China will import nearly \$1bn of sophisticated U.S. electronic equipment between now and 1986. But despite improved U.S.-China relations, "we cannot sit back and relax" because of the trade with China, Mr. Baldrige said, in remarks for delivery to the Council on Foreign Relations in New York.

China is in good economic shape to increase its imports because it is not saddled with the heavy external debt problems. China's foreign exchange reserves total over \$14bn.

## Paris Club to meet on Brazil loan package

By Andrew Whitley in Sao Paulo

LEADING WESTERN lender governments grouped in the "Paris Club" are to meet Sr. Ernane Galves, the Brazilian finance minister, in Paris early next week to try and put in place the final piece in the Brazilian debt renegotiation jigsaw.

The meeting has been scheduled to open on Tuesday, the day the International Monetary Fund board is due to meet in Washington to give its

expected approval to resumption of lending to Brazil on the basis of the Letter of Intent amended over the past few days by IMF and Brazilian officials.

In Paris, Brazil is seeking a novel "extended Paris Club agreement," according to a senior member of its delegation. This would entail the rolling over of \$2.3bn in loan interest and capital falling due to the end of 1984 and the

simultaneous provision of \$2.5bn in fresh official credits and loan guarantees.

Problems are anticipated over the second half of the package, due to the difficulty West European governments in particular are having in reconciling the need to provide new credits at a time when their exports to Brazil are being sharply curtailed.

So far only \$1.5bn of the requested \$2.5bn has been

firmly committed; from the U.S. Export-Import Bank Canada is also believed to be prepared to offer another \$200m in support of its wheat sales to Brazil.

But the British government has already made public its refusal to participate in new lending and the other West European participants in the Paris Club are unlikely to make more than token contributions, according to diplomatic evaluations.

## Robert Gibbens, in Montreal, reports on the economic plight of Quebec

## Levesque strives to reinspire voters

PREMIER Rene Levesque and his independence-minded Parti quebecois Government have launched a last-ditch attempt to revive their sagging popular support in Canada's French-speaking province of Quebec.

Mr. Levesque went on television last weekend with a package of job creation measures, promises of fresh support for small business, commitments to lower personal taxes, and projects to speed recovery in the key Montreal area. On Wednesday night Mr. Jacques Parizeau, the Finance Minister, presented a mini-budget to the national assembly.

It incorporated Mr. Levesque's C\$200m (£1.06bn) package, which may help recovery, but will also increase provincial borrowing to cover an expanding budget deficit. The opposition Quebec Liberals, now under the leadership of Mr. Robert Bourassa, the Premier, labelled the Levesque package as more empty promises.

The Liberals, following a noisy leadership convention last month, have found a new sense of purpose. With Mr. Bourassa at the helm, they are confident they can beat divisions that Mr. Claude Ryan, their former leader, could not bridge.

The Parti quebecois has had a bad year. First the Conservative Government's decision to get them to accept an effective wage freeze for a year. By spring it won the battle, even against the teachers. Feelings were bitter, since the PQ came to power in 1976 with the help of the two major union federations and the teachers.

Cuts in hospital services followed, and a fight with the doctors over pay. In his budget speech in April Mr. Parizeau said these "sacrifices" would enable the Government to hold



Mr. Jacques Parizeau (above left), Quebec's Finance Minister, whose mini budget formalised the Levesque economic package this week; for Mr. Robert Bourassa, opposition leader (above right) it was all "empty promises"

its budget deficit at just over C\$3bn, but no cuts were possible in Quebec's very high personal and consumption taxes. In his mini budget this week, he reduced the sales tax on petrol from 40 per cent to 30 per cent, which had made it the most expensive to buy in Canada apart from the north. Other tax changes would have to wait until the spring, he said.

Quebec's economy contracted about 6 per cent in real terms in 1982 and apart from housing, recovery did not get under way until the second quarter of 1983.

By the end of 1983 the economy might regain one or two percentage points, but mining and metals, some forest products, and some manufacturing industries are still floundering.

The Government followed a policy of benign neglect during the summer, despite numerous high-level conferences on ex-

ports, technological transfers and high technology. More than C\$200m was provided in loan guarantees for small business. In the autumn, demonstrations erupted in a high unemployment area of the Gaspé peninsula, about 600 miles northeast of Montreal, partly because of the closure of a Government-owned sawmill. The Gaspé has always had a chronic unemployment problem. When demonstrators tore down the blue-and-white flag of Quebec, the symbolism was unmistakable.

Both the federal Canadian Government and the Quebec Liberals moved on to the offensive. The Levesque Government was forced to get into line with the Ottawa liberals to provide 40 per cent of a public sector support package for C\$750m helicopter development near Montreal by Bell Textron helicopters.

Facing increasing pressure from its own supporters to do something about the 14 per cent unemployment rate (which rises to 50 per cent in some towns), the Government delayed the autumn recall of the National Assembly and went into yet another huddle. The Opposition continued to hammer home accusations of economic mismanagement, and the result was Mr. Levesque's package of promises and the Parizeau mini-budget. But little can be done about the economy this year, except to give voters a few more dollars for Christmas.

Quebec's economy has been seriously hit by the world recession and low commodity prices. Its manufacturing sector has been going through its most severe post-war rationalisation. It is slowly developing new high-technology industries, but Government policies are often thought to be anti-business and too pro-union, in spite of the wage freeze.

The Government has promised to introduce amendments to Bill 101, the language legislation designed to ensure the supremacy of French, giving weight to the rights of English-speaking institutions and removing some irritants.

The Government's popularity has been at an all time low since its election in 1976, and the Parti quebecois has lost nearly half the seats in the 1981 polls. Polls have indicated a large Liberal majority if an election were held now.

The Government has called two pending by-elections for December 5, and could lose both. Since coming to power in 1976, the Parti quebecois has lost all 18 by-elections held. But it did win the all-important Quebec general election in 1981.

## WORLD TRADE NEWS

## Hindustan Motors and Isuzu sign truck co-operation deal

By John Elliott in New Delhi

JAPAN'S penetration of the Indian automotive industry has spread to heavy trucks and buses from light commercial vehicles, with the signing this week of a technical collaboration deal between Hindustan Motors of Calcutta and Isuzu of Japan.

Hindustan, part of one of the Birla family's group of companies, is to spend \$125m (£83m) over the next two years on Isuzu assembly and manufacturing facilities in the states of Gujarat and Uttar Pradesh as well as in the company's main operating centre in Calcutta. Isuzu is 34 per cent owned by General Motors of the U.S.

This week's collaboration is for Isuzu's eight-ton diesel trucks and buses which should go into production in mid-1985. Output of 30,000 vehicles a year has been approved by the Indian Government. Hindustan expects to achieve this by the end of the decade by which time it plans to have fully indigenised production.

Hindustan's main competitors are Telco, a Tata Group company linked with Mercedes Benz, and Ashok Leyland, a partially owned subsidiary of B.L.

Hindustan had intended to continue a 25-year-old technical collaboration deal with Vauxhall in the UK. But it decided

earlier this year that the Bedford technology was not sufficiently advanced.

It approached Isuzu at around the same time as a large number of other Japanese vehicle companies were negotiating deals with Indian manufacturers.

Other Japanese motor collaborations finalised or under negotiation in India include Suzuki, Toyota, Mitsubishi, Honda, Nissan, Kawasaki and Yamaha. A variety of Indian and multinational companies are now competing for consequential component orders.

Hindustan has also finalised a technical collaboration agreement with Isuzu for an 1800 cc car engine and power train, but this has been held up pending Government approval.

The power train will be used in 1985 to modernise Hindustan's 30-year-old Morris-based Ambassador car which is to be relaunched in January as the Contessa with the body of Vauxhall's Victor VX model sold in the UK in the late 1970s. Problems in delivery of components for the Contessa has delayed the launch of the new-bodied car, which will sell for about Rs 90,000 to Rs 100,000 (\$35,000-\$110,000).

The price is inflated because Hindustan has to pay duties of about 160 per cent on imported parts.

## Cuba buys 60,000 tonnes of Trinidad wire rods

By Canute James in Kingston

CUBA has bought 60,000 tonnes of wire rods from Trinidad's state-owned steel mill. It is the largest single order ever received by the company, which started operations two years ago.

The Cuban order comes after the mill, the Iron and Steel Company of Trinidad and Tobago (Isco), was hit by a U.S. Commerce Department ruling upholding appeals from five U.S. steel producers which claimed Trinidad was dumping on the U.S. market. The company last year shipped over 56,000 tonnes of wire rods to the U.S. making it the country's largest single supplier.

There was no indication of the price or supply schedules agreed between the company and Cuba, although industry officials have suggested that the price would be close to that at which the company had been selling on the U.S. market.

The U.S. Commerce Department found that Trinidadian steel was being sold at "10 per cent below fair value". The agreement on steel has created the basis for further agreements between Trinidad and Cuba. A trade mission from Havana is to visit Trinidad soon to discuss possible purchases of Trinidadian petroleum and fertilisers.

## India mounts drive to buy arms from West

NEW DELHI — India is mounting a major arms-buying drive in several Western countries. Mr. Ramaswami Venkataraman, the Defence Minister said yesterday.

The Press Trust of India (PTI) news agency quoted him as saying India's purchases would include more Sea Harrier naval aircraft from Britain for its aircraft carrier Vikramt. Eight Sea Harriers have already replaced the Indian navy's ageing Sea Hawk fighters.

Mr. Venkataraman did not say how many more Harriers would be bought, but PTI quoted officials as saying the number would be around 12.

The Minister said India was also acquiring British Sea Eagle helicopter-launched missiles and talks were taking place on possible purchases of British ship-launched missiles.

Mr. Venkataraman returned yesterday from a two-week trip to France, Britain, Sweden and Austria, and said those countries had agreed to provide technical assistance to help India develop advanced weapons.

K. R. Sharma adds: The talks in France were on the possibility of transfer of technology to India for the manufacture of Mirage 2000 fighters. Forty have been ordered by the Indian Air Force for purchase in fly-away condition.

India recently decided to terminate the Mirage deal at the stage of the purchase of the 40 aircraft but has been under pressure from France to revive the original proposal for manufacturing the Mirage 2000 under licence, and attractive terms have been offered.

There is as yet no change in plans. Talks have been resumed on the original proposal abandoned when Russia made a highly-attractive offer on the latest generation of Mig fighters.

● Venezuela has received the first six supersonic F-16 fighters of a flotilla of 24 aircraft which will convert its air force into the most modern in Latin America. AP adds from Caracas. The F-16s, purchased at an estimated cost of \$615m (£410m), have caused an internal polemic, and negative reaction from neighbouring Guyana.

## Jurek Martin examines a break in Japanese solidarity on agricultural protectionism

## Why Japanese pay such high prices

THE HEADLINES in the local newspapers this week — "Japanese agricultural price subsidies twice that in Europe" were not, at first blush, exceptional.

Closer reading elicited the surprising fact that the stories beneath the headlines were not the latest foreign onslaught on Japanese protection of its farming sector but focused on an intriguing study done by two Japanese university economists specialising in agriculture.

The issue of agricultural subsidies generates sparse internal debate, largely because of the lock on political power enjoyed by the influential farm cooperative lobby and the ruling Liberal Democratic Party, a position cemented by an electoral system weighted in favour of the rural voter.

Industrialists sometimes suggest that trade frictions could be eased by lowering the barriers to foreign farm produce. The agricultural lobby counters by backing restraints on the exports of manufactured goods. But the sum of the exchanges often appears no more than ritualistic.

The Japanese consumer, who pays a high price for food — the domestic price of rice, for example, is four times world levels — tends not to complain. There are complex reasons for this, of which perhaps

national acceptance of the need for food security and a desire to preserve agriculture in something approximating its traditional form are the most often advanced.

What is missing, in the view of Prof. Yujiro Hayami of the economics faculty of Tokyo Metropolitan University, is an awareness of how much more the Japanese public is paying for farm subsidies than are other Western consumers.

Hence the study published this week jointly with his colleague, Mr. Masayoshi Honma, and brought out under the auspices of the Forum for Policy Innovation, a loose grouping of academics committed, in Prof. Hayami's words, to "moderate liberalism," and assisted financially by a handful of industrialists.

The nub of the report is in the accompanying table, showing that only Switzerland provides greater assistance to its agricultural sector than Japan. The comparison with the EEC is the price-support ratio (PSR) calculated by subtracting the value of agricultural output in international prices from the value of domestic prices and dividing the remainder by the value in domestic prices.

This achieves the ratio otherwise known as the Nominal Rate of Protection. The survey shows that Japan's PSR for five livestock and two veget-

OECD SUPPORT FOR AGRICULTURE						
	Price Support Ratio*					
	1955	1960	1965	1970	1975	1980
U.S.	2.3	6.9	7.4	9.8	3.8	0.1
EEC	23.3	24.3	26.1	31.6	20.8	26.0
France	23.8	18.5	21.9	30.6	21.9	22.8
West Germany	21.9	28.9	31.9	30.7	26.4	29.6
Italy	29.5	29.9	34.7	37.1	23.3	32.9
Holland	10.7	16.1	23.5	25.7	22.4	20.2
UK	25.9	25.4	15.9	19.9	5.3	24.3
Denmark	4.3	3.1	4.3	13.6	15.5	19.4
Sweden	23.8	28.7	31.7	36.8	26.8	33.6
Switzerland	34.7	35.5	39.4	45.7	46.5	53.1
Japan	15.0	29.3	40.3	42.1	42.7	45.5

\* Calculated by subtracting the value of agricultural output in international prices from the value in domestic prices, and dividing the remainder by the value in domestic prices.

Source: The Forum for Policy Innovation

ables—which account for 70 per cent of total Japanese farm production.

The most significant conclusion is clearly that since 1970 Japanese agricultural protection in value terms has actually been rising, whereas in the rest of the industrialised world the trend has been down.

The 1975 figures are an aberration explicable by the surge in global food prices at the time. The comparison with the EEC as a bloc is particularly stark: in 1955, Japan's PSR of 15 per cent was well below the Community's 23 per cent, but in 1980 it had risen to 45.5 per cent, comfortably exceeded the EEC-wide

average of 26 per cent. Yet in that time span, and particularly in the 1970s, Japan actually dismantled some of the protective barriers around its farm sector.

Japanese agricultural protection is more heavily weighted towards grains than livestock—66 per cent and 29 per cent in PSR terms respectively, against 18 and 29 per cent respectively in the Community.

However, Japanese support levels for beef and dairy products have recently been rising fast and in some cases exceed EEC levels.

The Hayami-Honma report is

careful not to make value judgments on the merits or otherwise of agricultural protectionism. It notes, for example, that the rapid increase in Japanese subsidies between 1955-70, the period of the country's great industrial expansion, undoubtedly helped ease the social and political pressures. But in an interview, Prof. Hayami emphasised that, in his view, the level of Japanese protection has "for some time been more than optimum," probably since about 1970.

Though the Hayami-Honma liberalising rice, the core to Japan's concept of food security, is "impossible," both the citrus and livestock sectors could easily stand some fresh competitive air.

A key obstacle lies in the structure of Japanese agriculture and the extent to which it serves the interest of the powerful co-operatives lobby. Japanese farm employment accounts for 10 per cent of the total labour force, but seven out of 10 of those engaged in farming actually earn more, mostly in casual labour, from the non-farm jobs they hold.

Yet these part-time farmers tend to hold on to their land, if for no other reason than that land prices are going up sharply. In such circumstances, the co-operatives have effectively assumed control of agricultural development.

## Loan snag 'delays A-310 delivery to Nigeria'

By Andrew Gowers, recently in Lagos

DELIVERY of the first of four Airbus A-310 aircraft ordered by Nigeria Airways has been delayed by a technical hitch in finalising a syndicated loan to finance the deal, according to the state-owned airline's Managing Director, Mr. Mohammed Tokus Bature.

He also disclosed in Lagos this week that the airline is unlikely to take up an option to buy four more A-310s from Airbus Industrie, the European consortium when the current order is fulfilled, owing to financial constraints.

The first Airbus, under an order announced in 1981, was to be supplied in September, but the airline now does not realistically expect to take delivery until early next year. Airbus Industrie in Paris said

yesterday that two of the aircraft were to be delivered before the end of this year, and two in the second half of 1984, but declined to say whether there had been any delay.

The first aircraft was either nearing completion or had already been completed.

The problem, according to Mr. Bature, centres on a \$240m loan lead-managed by France's Société Générale.

The loan documents are ready, but because it will carry a Nigerian Federal Government guarantee, the package cannot be finally signed until the Government's 1984 budget has been passed by the National Assembly. The budget is currently in preparation, but is not expected to be presented to the Assembly before December.

## Mauritius in bid to attract manufacturers

By Chris Sherwell in Singapore

A HIGH-LEVEL delegation from Mauritius is visiting Singapore and Hong Kong in a bid to attract manufacturing investment to the Indian Ocean island and reduce its dependence on sugar exports.

The delegation is led by Sir Gaetan Duval, the deputy Prime Minister, and includes the Ministers of Economic Planning and of Industry, and the country's central bank governor.

Mauritius has established an export processing zone offering tax and other incentives for investors prepared to set up labour-intensive industries there.

The incentives include free repatriation of capital and dividends.

## Swiss engineering orders at lowest level on record

By John Wicks in Zurich

THE BACKLOG of orders of the Swiss engineering industry is currently at the lowest level on record. According to the Swiss Association of Machinery Manufacturers (VSM), orders on hand dropped to the equivalent of only 5.7 months' production in the third quarter.

The association expresses particular concern at the "completely inadequate" order-book volume of the machine-tool industry, which declined further in the third quarter to the equal of only 4.3 months' output.

That of the textile-machinery sector also remained very low at 4.1 months' production. But the VSM points out that the third quarter did not yet reflect the results of the "Lima" Fair in Milan.

Compared with the preceding

three months, export orders were up by 6.6 per cent.

However, the second quarter is said to have been "especially weak" and for the first nine months of 1983 as a whole, foreign orders were down 15.4 per cent on corresponding values for last year. Almost 56 per cent of all new orders are currently accounted for by export markets.

The association sees no noticeable improvement in business at present.

The recession is said to have proved "broader, and deeper" than had in many cases originally been anticipated. It obviously needed more time for economic recovery in major sales markets to have a positive effective on investments.



A —————> B

## Trade finance, simplified.

You've got to be big to make it this simple.  
We are.

With a network spanning 90 countries, Bank of America has the largest number of fully staffed branches of any US bank. Which means that most of the time we can eliminate third parties that often complicate these transactions.

As one of the global leaders in dollar acceptances,

our worldwide flexibility, strength and expertise are constantly utilised by some of the most demanding corporate treasurers. In the international testing grounds of cash management, foreign exchange and import/export services. In over half a million letters of credit a year.

Who else would you look to for simple, efficient trade finance? Look to the Leader.

BANK OF AMERICA 



EDITED BY ALAN CANE

## TECHNOLOGY

HUNGARIAN COMPUTER SPECIALISTS SELLING THEIR SKILL IN ARTIFICIAL INTELLIGENCE

## Software from Budapest? It's logical

BY PAUL WALTON

A COMPUTER language developed in the UK for research into artificial intelligence has been refined by Hungarian scientists to the point where it can be applied commercially.

One of the first uses in Hungary was to assist economists to formulate the detailed Five Year Plan—a task which used to take as long to complete as it did to implement because of the repetitious and complicated mathematics involved. Now the time-scale has been shortened by two years. The Hungarians hope that with access to better computer hardware, compilation of the Plan could become semi-automatic.

Quality of hardware is a problem for the Hungarians, starved of the latest Western technology through trade embargoes. But this has sharpened Hungarian skills in computer programming, according to Dr Balint Domolki, head of the Budapest-based Institute for Coordination of Computer Techniques (Sci-L).

"This has only served to make us better at producing software, for which the only essential resource is imagination," he said in London this week.

The computer language is Prolog, whose development in the UK is associated chiefly with Edinburgh University and Dr

Robert Kowalski at Imperial College, London. It has special significance because it is the language of choice for the Japanese "Fifth Generation Computing" project, the much publicised Japanese effort to move beyond today's computer systems to the "intelligent machine."

Prolog, or PROgramming in LOGic, is a language for logic processing analogous to conventional languages for arithmetic processing; just as conventional computers can be rated in millions of instructions a second (MIPS) so an intelligent machine using Prolog could be measured in millions of logical inferences a second (LIPS).

The language can be used to develop "expert systems," where the knowledge of experts in a particular field is encoded and held in a computer memory and the answers to specific problems sought out using artificial intelligence techniques. The machine not only infers the best answer to the question but is able to explain the logical steps it has gone through to derive that answer.

"I hope we have some advantage because we started working on the practical applications of Prolog before it became fashionable," Dr Domolki said. He and some 30 other representatives of the Hungarian software community have been showing their

achievements at the Hungarian Embassy this week, in the first ever exhibition of its kind by an Eastern bloc country.

Sci-L, a commercial company associated with Szki, is now marketing the Hungarian version of Prolog, called Modular Prolog (MProlog).

Day-to-day use of MProlog by Szki programmers working with specialists in other Hungarian state bodies over the past eight years has produced some 30 applications spanning everything from architecture to pharmaceutical research.

"We designed the most recent version of MProlog between 1979 and 1980, and it operates in such a way that our development of the expert system was completely separate from the expert's use of the system," Dr Domolki said, meaning that the specialist programmer—or knowledge engineer—was responsible for extracting information from the expert and building it into the system; the expert could use the system without any need to understand Prolog.

Sci-L has sold this technique in four packages which can operate on the larger IBM and Siemens mainframe computers, and on fast Digital Equipment (DEC) minicomputers using the VAX or Unix regimes; a basic

academic version from \$3,600; a production model for upwards of \$10,000; the TProlog extension which introduces the concept of time for simulation costs \$2,400; or double that amount if it is to stand-alone from the big system.

Dr Domolki said that the most exciting development was going to be the miniProlog which Szki is just beginning to develop for the smaller computers, bringing the cost of the software down to a couple of thousand dollars all-in.

Japanese micro-supplier Sord is likely to be the first with miniProlog applications on a 32-bit machine, Dr Domolki said. But the biggest coup for MProlog so far is the sale of a licence to the Japanese Fifth Generation project where it is to form the heart of their first expert systems.

British and American computer suppliers have also begun to take interest in MProlog, now beginning to be marketed abroad through Sci-L and a handful of distributors. The joint venture on expert systems between ICL and Shell is interested, and BP subsidiary Sicon is due to sign-up one of the Hungarian MProlog applications next week. Control Data and IBM are among the U.S. vendors which have recently

sent senior representatives to Hungary in order to see this kind of software at first hand, and to talk about the supply of the most up-to-date hardware.

Dr Domolki said that commercial links with leading Western firms on advanced software offered the best hope of Eastern bloc countries challenging the hardware ban, and being able to use their own ideas to best advantage. Meanwhile Britain is still at least two years away from the practical application of the Prolog language which it developed.

● SORD HAS now introduced its very powerful microcomputer, which it dubs a "micro mainframe," bringing many of the features of larger machines to the desk-top.

The M685 is a powerhouse processing machine thanks to its twin Motorola 68000 chips and a very large internal memory of 512 kilobytes to 1 megabyte (Mb). It has a Unix-like operating system, Unos, which supports features such as: time-sharing, context searching and transaction processing "in the background" and without the user having to do much by way of programming.

GENETIC ENGINEERING

## Du Pont drug for asthmatics

DU PONT IS claiming one of the first commercial uses for monoclonal antibodies in the care of acute asthmatic sufferers.

A reagent to test for levels of the drug theophylline, where the dosage given is crucial to the asthmatic, has been genetically engineered by Du Pont's NEN subsidiary. It is used in the company's "aca" clinical analyser in the same way as any other test pack.

What is special about monoclonal antibodies is that they can be "engineered" to react in very specific ways and in very precise circumstances.

Mr Donald Sutherland, director of the clinical instruments division at Du Pont described just how precise monoclonal antibodies can be: "It's like the difference between using a fishing net and a fishing hook."

He added that distinguishing

theophylline was a prime example of the precision which this biotechnical technique could offer—monoclonal antibodies can be "engineered" as very precise keys to lock on to individual molecules.

Theophylline has a very similar shape to caffeine, which finds its way into the body in large quantities through tea and coffee; Du Pont claims that for the first time, the test cannot be confused by the presence of very similar molecules.

The benefits are potentially very great since asthmatics get relief from a correct dosage of theophylline, but acute sufferers need to have that level very closely defined: too low and there will be an attack; too high and there are unnecessary side-effects from the drug itself. More from Du Pont on 0101-302-774-9561.

## Komatsu solar cell

A JAPANESE construction machinery-maker has claimed that it has made the world's most efficient solar battery. It would take a few years to bring it to market, it added.

The giant Komatsu group says it can achieve light-to-power

conversion rate as high as 10.7 per cent for its amorphous solar battery, which is claimed to be 0.44 per cent greater than the previous high. It believes this is now enough to begin planning commercial production.

The secret is that unlike conventional solar batteries where the amorphous silicon layer is sandwiched between one transparent electrode and the other metal electrode, this new battery employs a rugged transparent electrode on its surface which maximises not just the quantity but also the quality of light reaching the silicon layer.

In effect, less of the light is reflected by this layer. In addition, the surface of this transparent electrode is coated with tiny "dice-like" bits of oxidised tin (measuring just one ten-millionth of a millimetre across) to boost refraction so that as much light as possible reaches the silicon layer below.

MANUFACTURING PRODUCTION

## Common sense on the factory floor

BY GEOFFREY CHARLISH

IS IT possible that a 57-year-old married physicist, asked during his Ph.D. course to improve a friend's chicken coop-making factory, has developed a systematic approach to manufacturing that will enable the West to fire back at Japan?

Initial waves of scepticism must be tempered with the fact that 50 or so major companies in the U.S., including Bendix, Ford, General Motors, General Electric and Westinghouse, have acted on Ed Goldratt's advice.

What is, in fact, being offered by Creative Output Inc., the company that Dr Goldratt formed when he went to the U.S. in the late 1970s?

At first sight the approach, which is called OPT, standing for Optimised Production Technology, appears to amount to no more than formalised common sense. For example, OPT is much concerned with the removal of bottlenecks on the shop floor. To which the average production executive would almost certainly reply: "Well, who isn't?"

There is more to it than that. According to Goldratt, bottlenecks in most plants, whether they are machines with capacities that limit throughput or are due to a shortage of specialised skills, are usually dealt with in isolation instead of in close relationship with the remainder of the process.

## Bottleneck

There are other OPT edicts. For example, that the genuine utilisation of a machine which is not bottlenecked, is not determined by its own maximum capacity, but by some other constraint in the system.

There is a need therefore, to schedule all non-bottlenecked resources based on those constraints. There may, indeed, be a need to not make parts at all on such machines; the operator might be better employed doing something else, or alternatively making the parts more slowly and with greater attention to quality.

The bottleneck is just one of the sacred cows of production scheduling that OPT seeks to slaughter. There are others such as set-up time at workstations. For example, it is not often realised that an hour lost in setting up at a bottlenecked workstation is an hour lost for the whole manufacturing sequence that follows. On the other hand, an hour saved where there is no bottleneck "is a mirage."

Goldratt's theories also take a tilt at lot sizes in manufacture. If say, 20 items start out, then usually 20 items are transferred between each workstation till the end of manufacture. According to OPT, lot size should be plotted against profit, not as is normal, against cost. The two numbers are different and in any case, it can, apparently, vary the batch size throughout manufacture, keeping down work in progress.

Now, all these things, includ-

ing plant balancing, new accounting aspects and even the unwanted results of the well-known Murphy's Law (if something can go wrong, it will) are often dealt with piecemeal with varying levels of success in the typical factory.

## Enshrined

They are not, however, often done properly, and they are not done at the same time—and that, in essence, is what OPT does. Ten major rules of the OPT approach are enshrined in an algorithm devised by Goldratt and contained in a program that can be run on IBM or Prime computers. Simulations of the production unit can then be carried out before anything is physically committed.

Before a production schedule can be devised, of course, a good deal of detail has to be available, particularly with respect to the bottleneck areas. Much of this data is often already available in ROMP (bill of materials processing) systems in larger companies.

Then, it is claimed, by repetitive runs through the computer, bottlenecks can be properly identified and eventually minimised or eliminated—just in location but with reference to effects on the whole system of manufacture.

Goldratt's root thinking for OPT stems from the basic view of manufacture he believes, all involved should share—that its purpose is not to employ people or even to make products, but simply to make money.

In that case, there are only three criteria: to maximise throughput (the amount of production that has been sold), minimise inventory (the raw materials, components and finished goods that were bought but have not yet been incorporated into product and sold) and to minimise operating expenses.

In recent months Creative Output UK has been spreading the Goldratt message in the UK and Europe. David Hugill, European marketing director has been working with 15 other people from Houslow and has just announced his first customer—one of the Lucas companies at Ely near Worcester. He expects his next customer to be in France and is talking to others in Sweden, Belgium, Germany and Spain.

He explains that the approach has to be at a senior level and that the commitment by a company has to be absolute and company-wide. He starts with an educational effort and if he gets wholehearted acceptance of the ideas, negotiates a letter of intent, carries out a survey, conducts an analysis and then arrives at a price at hand level.

That price can be considerable—usually in excess of £1m—say Hugill—but on the other hand the savings can be large. In the U.S. for example, one company reduced its work in progress by 40 per cent. And there are, after all, companies in the aerospace industries for example, with WIP easily exceeding \$50m.

Now, all these things, includ-



'The earth was made so vast that you may travel its open spaces.'

saudia  
SAUDI ARABIAN AIRLINES

One of the biggest fleets in the world flying to 36 countries worldwide. Welcome to our world.



## BUSINESS LAW

## European Court on equal pay

BY A. H. HERMANN, LEGAL CORRESPONDENT, IN LONDON

FOR THE past three weeks the European Court has been churning out weighty judgments at a pace which makes a commentator breathless. At least three must be briefly mentioned. Of these, two concern equal pay, and the third the abuse of market power by Michelin.

The Court has rejected the Commission's complaint that Italy failed to implement Council Directive 76/207 calling for equal treatment of men and women in respect of employment, training, promotion and conditions of work. The Commission thought that Italian legislation should have provided detailed rules in respect of all the requirements of the Directive, not only in respect of some, leaving the rest under the umbrella of a general rule of equality. It found the Commission's complaint to be too pedantic, and used the occasion to remind it that member states were obliged only to achieve the objectives of directives, and that it was left to their discretion to do so in the way they thought best.

The court also rejected the Commission's complaint that Italy had adopted specific judicial remedies only for infringement of certain discriminatory acts, contrary to the principle of equal pay and treatment. It accepted the Italian defence that adequate general and constitutional remedies were open to those who felt they had been discriminated against.

The UK did not get off so lightly in a parallel case

concerning equal treatment of men and women. Although the court rejected the Commission's complaint that the UK's legislation and training facilities preferred women to men as midwives—holding that British mothers should be allowed some freedom of choice in the matter—it came down heavily on the side of the Commission in the matter of discrimination against women in collective agreements. The UK's defence was that collective agreements were not legally binding and that to require the annulment of documents with no legal effect was rather like "beating the air".

The court pointed out that the Directive required in Article 4/b the annulment of all unequal provisions in collective agreements, domestic rules of enterprises and statutes of free professions, without making any distinction between the nature of legal effects which such provisions produced. The directive could be made effective only if it were possible to eliminate or to modify all provisions incompatible with the requirement of non-discrimination imposed by the directive. One cannot help feeling that the court was right, and not only in its legal logic.

It is more difficult to agree with the consequences of the legal logic applied by the court to the Commission's third complaint. This concerned the exemption from the non-discrimination rules granted in the UK to employers in house holds and small shops or other

enterprises where the total number of employees was not more than five. The recognised the need to reconcile the principle of equality of treatment with the equally fundamental requirement of respect of privacy. It accepted that considerations of privacy had the upper hand in domestic employment, but rejected this argument in respect of small enterprises. The judgment may require UK legislation to be amended and, failing that, may lead to enforcement of the requirements of the directive with the help of references to the European Court.

The court which, as the two preceding judgments have shown, finds it easy to maintain an intellectual independence of the Commission in cases with a human dimension, almost invariably gets lost in the labyrinthine competition law evolved by the Commission on the basis of Article 85 prohibiting cartels and restrictive practices, and Article 86 prohibiting abuse of market power.

This was again the case when, on November 9, the court delivered a half-way judgment on Michelin's appeal against a Commission fine of ECU 680,000 imposed two years ago.

The court reduced this to ECU 300,000, allowing appeal on two minor counts, but upheld the main contention of the Commission. This was that Michelin's Dutch subsidiary had a dominant position in the Dutch market for tyres of all sorts and abused this by granting wholesalers discounts related to the achievement of certain sales targets.

The Michelin group is the leading tyre manufacturer in the Community and is overtaken in the world market only by Goodyear. Indisputably, it has great market power because of its financial resources, research and development capacity, and a well established marketing system which makes great use of representatives keeping in direct touch with major end-users of Michelin products.

It is, however, questionable whether it can be said to have a market dominance in the Netherlands. Its market share is relatively small if tyres for heavy vehicles are taken alone and if retreads are included in the market. The Commission excluded retreads, thus arriving at a high market share. This calculation was contested by Michelin but was approved by the court. It may have concluded that Michelin had a great hold on the market simply because it was the only supplier of certain types and dimensions of heavy tyres.

The discounts granted by Michelin to distributors ranged from 34 to 37 per cent, but were not strictly linked to the quantity sold. Instead, Michelin agreed with each distributor sales targets, usually representing an increase on turnover achieved in previous years, or at least its maintenance in bad years, and the discount depended on achieving these targets. The agreements were made by word of mouth and although the parties usually took notes, the Commission claimed that the distributors were kept in a state of uncertainty and felt very insecure, particularly towards the end of the year, fearing that they might lose the annual discount if they displeased Michelin by ordering from its competitors.

In this the court agreed with the Commission, although it annulled the findings of the latter that the Michelin system discriminated between different distributors, and that a supplementary discount paid in 1977 to compensate the distributors for Michelin's inability to supply required quantities of certain types of tyre was an abuse.

As always in such cases, the question whether alleged abuse affected trade between member-states (and thus fell under the Treaty prohibition) was hotly contested. The court fell back on its now stereotypical but unconvincing formula that whatever distorts the pattern of competition in a substantial part of the Common Market must also affect trade between member-states. Against this militates the argument put forward by Michelin and the French Government, which joined the appeal proceedings, that Michelin's distribution system and discounts did not prevent an expansion of Japanese sales on the Dutch market.

It was their own weakness, Michelin argued, rather than its system of discounts, which prevented other Community suppliers from achieving the same market penetration.

The judgment leaves some doubt whether Michelin infringed the competition rules established by the Commission and the court in their previous decisions. More important still, it raises again the question whether these rules are reasonable. The uncontented fact that throughout the period under scrutiny Michelin was making no profit, and was possibly losing money on its sales in the view of the court, contradicts its market dominance. Can a supplier be considered market-dominant if it is unable to increase its prices to a level assuring at least a modest profit?

Case 183/82 EEC Commission v Italy, October 26 1983.  
Case 165/82 EEC Commission v UK, November 8 1983.  
Case 232/81 Niederlandische Banden Industrie-Michelin, supported by France v EEC Commission, November 9 1983.

## AMERICAN NEWS

Terry Dodsworth in New York reports on an ill-fated gamble on the gold price

## Brothers behind bars as bullion bonanza busts

THE ALDERIDGE brothers were businessmen with grandiose ambitions. Somewhere in their progress from hairdressers to jewellers and precious metal dealers they decided they were going to make the really big time. "Gold is the world's best investment," trumpeted Mr William Alderidge as chairman of International Gold Bullion Exchange. "I am certain we will reach our goal of being the world's largest corporation — hard work, intelligence and resourcefulness will get us there."

Today, the two brothers are behind bars in Florida, awaiting extradition to New York, where they face a series of felony charges, including grand larceny and fraud. The charges refer back to about \$80m worth of funds that have gone missing in IGBE, the brothers' gold and precious metals enterprise. IGBE took in millions of dollars in cash from the general public from 1980 which was supposed to have been invested in gold.

But when the balloon went up, virtually no metal at all was found in the company's much-vaulted vaults at Fort Lauderdale in Florida. The company was closed down by Florida state officials in the summer.

The story of IGBE is particularly alarming because it is not as isolated case. Early last month, another highly imaginative young businessman apparently committed suicide in the sauna of his luxurious Los Angeles mansion, asphyxiating himself with carbon monoxide poisoning piped ingeniously from his motorcycle. The businessman, Mr Alan Mar-

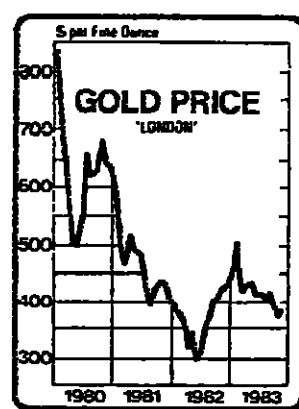
gouls, alias Saxon, was chairman of Bullion Reserve, another short-lived company which had apparently sold non-existent gold to the public. Last week, United Precious Metals filed for bankruptcy only days after the New York Attorney General's office challenged its credentials.

The essence of these companies was to sell a kind of metals future: customers paid cash on the promise that they could draw down their gold whenever they wanted. In the meantime, the company promised to keep the metal ultra-safe for them—Bullion Reserve had a particularly persuasive line about its specially reserved cavern deep in a mountain vault run by the Mormons above Salt Lake City.

Unhappily for many investors, the companies began to slough off cash into other ventures: IGBE had a long list of trendy projects, including such synergistic mismatches as interior design, video and yacht chartering companies.

During a period when gold prices were falling, as they did up to August 1982, it was not too difficult to take the float, and then find sufficient funds to answer the demands of those investors who wanted to see their metal. When the gold and precious metals market headed back up again, however, the game became impossible, and the companies' increasing failure to deliver brought a rash of complaints from customers and action from the Attorney-General's office.

All of these incidents have demonstrated how glibly gullible the American public can be. But they raise at the



same time the question of the proper limits of salesmanship and the piece of regulatory bodies in U.S. corporate life.

The New York District Attorney's office, run by an articulate and ambitious young Democratic lawyer, Mr Robert Abrams, believes that some administrative control ought to be exercised over these speculative types of ventures. Yet down in Washington, in a period of aggressive, Government inspired deregulation, there is little automatic sympathy for anyone who wants to impose new limits on business.

Mr Abrams went on the attack against the bullion companies after exposure to an even more bizarre collection of wheeler-dealers known as the boiler-room salesmen. Boiler room operations are designed to sell almost anything—speculative, generally rather exotic products like rare commodities, land or oil drilling

rights. They take their names from the type of techniques used by the salesmen—unsolicited telephoning designed to generate heated excitement. Politicians on the eve of an election often use boiler rooms. But in the fast-paced business world they more often imply a seedy office stuffed full of telephones where salesmen work for day-night organisations lent respectability only by a post address in Wall Street.

In a celebrated case a couple of years ago, Mr Abrams nailed a team of salesmen who had been marketing tantalum, a rare metal used in high technology industries. "One salesman used to convince people that they were on to a good thing by running up the stairs until he was breathless and then pointing down the telephone that he had just rushed into the office from the trading floor and thought he could probably corner the tantalum customer wanted," recalls an Abrams aide.

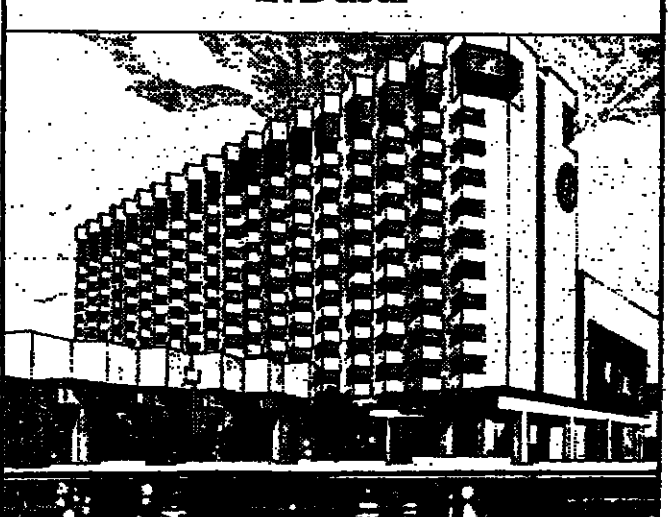
Mr Abrams's office clearly believes that some of the new bullion and precious metals dealer organisations come from the same stable as the boiler-room operations. But the sales pitch is unquestionably more sophisticated and convincing. IGBE and Bullion Reserve abandoned unsolicited telephone promotion in favour of more expensive conventional advertising. By appearing on radio, network television and in some highly reputable newspapers, they have given themselves an aura of solid respectability.

There is also no formal way in which the public can check their credentials. In New York, for example, the Attorney General has only very limited jurisdiction over them — he eventually forced IGBE to remove the word "exchange" from its title, for example — while at national level they fall between two stools.

The Securities and Exchange Commission, which regulates the capital and financial markets, contends that these securities are not trading in securities and the Commodities Futures Trading Commission says that it is only responsible for regulating futures contracts, not the physical metals markets. This reluctance from both sides is not particularly surprising at present, since they are both under some pressure from the Government, not least through cash restrictions that make it difficult to launch major new initiatives.

It is because there are so many gaps in regulatory powers at both local and national level that Mr Abrams has carried his campaign for new legislation all the way to Capitol Hill, with some success. The Senate Permanent Investigations Subcommittee, the inquisitorial body which once started the infamous McCarthy hearings, is to examine the issue under the chairmanship of Senator William Roth, a Republican from Delaware, who has already stated his strong belief that there should be some form of regulatory control over these companies. The scandal has got so big that big business can no longer ignore it," says a cynical Abrams's aide.

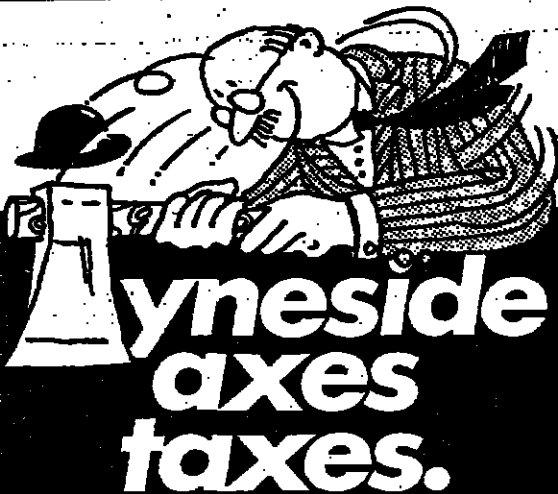
## In Dubai



In a cosmopolitan city rich with the beauty of the past, the Dubai Inter-Continental Hotel is ideally situated overlooking the gentle waters of the Khori, minutes from all major business. Relax and enjoy our Rooftop Lounge. Work out in our fully equipped health club. Utilize our specialized business services. We look forward to offering you the Inter-Continental advantage.

## THE ADVANTAGE IS INTER-CONTINENTAL DUBAI INTER-CONTINENTAL HOTEL

P.O. Box 476, Bin Yass Street, Tel.: 45779.  
For reservations call your nearest Inter-Continental sales office.  
There are also superb Inter-Continental Hotels in Abu Dhabi, Al Ain, Amman, Bahrain, Muscat, Riyadh, Taif and over 80 cities around the world.



## Take the opportunity to cut your tax bill to NIL for the next four years by investing in the Tyneside Enterprise Zone.

With appropriate tax planning the cost of the provision of new commercial buildings can be written off in four equal annual instalments against income creating a capital asset out of revenue.

The effective after-tax cost of building can be significantly reduced and, as no rates are payable by occupiers until 1991, rental values are improved and the return on investment is enhanced.

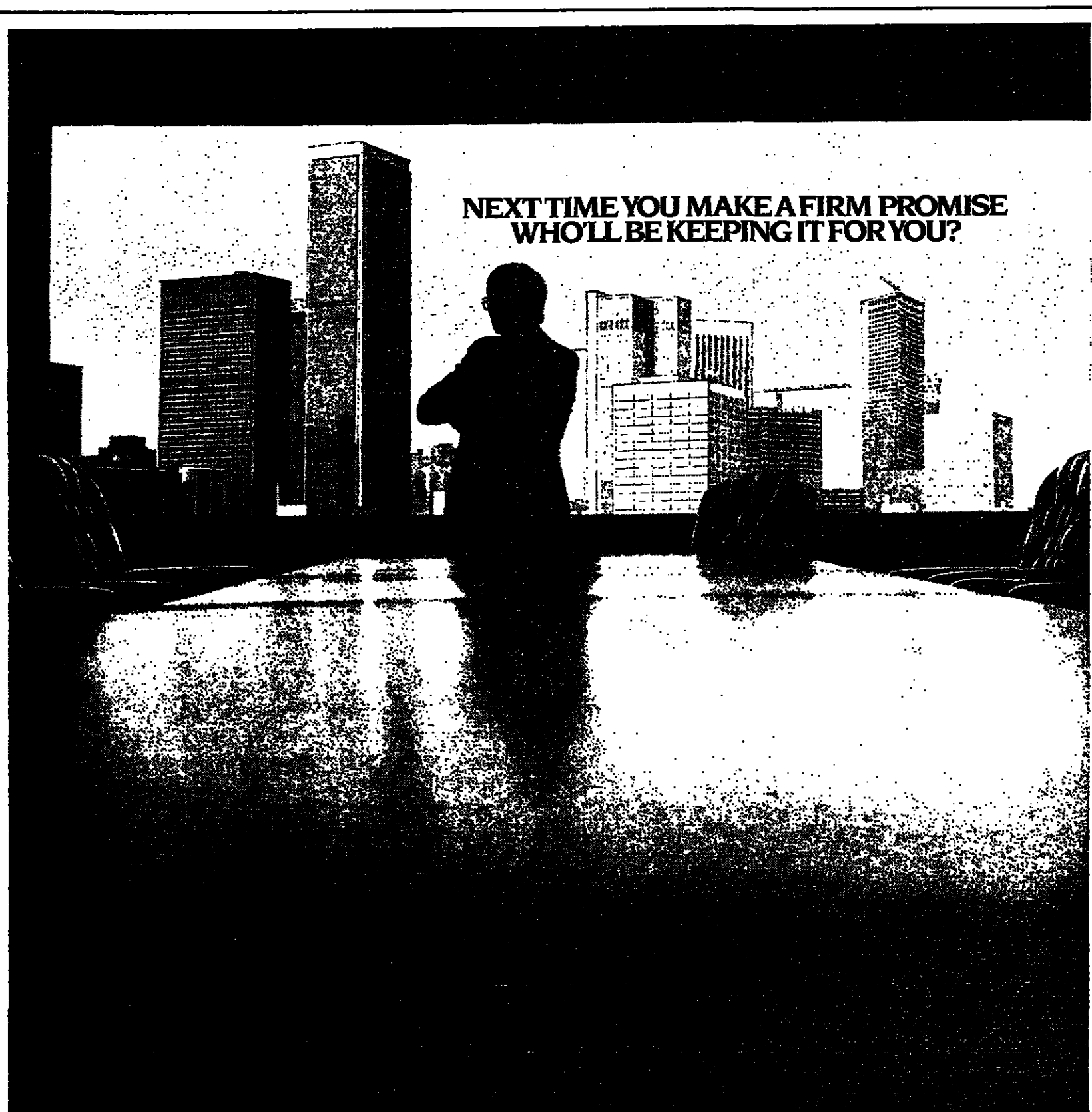
Better still — where the first occupiers of the premises are manufacturers, you may receive a 22% Regional Development Grant towards the building costs.

A case of heads you win and tails the tax man loses!  
We can take you through all the necessary steps to achieve this happy position including planning, building and letting your investment.

Contact us today at  
Tyneside Enterprise  
Zone Office,  
Civic Centre,  
Newcastle upon Tyne  
NE3 2BH.  
Telephone:  
(0632) 617392.

TYNESIDE  
ENTERPRISE ZONE

GETS YOU GOING.



NEXT TIME YOU MAKE A FIRM PROMISE  
WHO'LL BE KEEPING IT FOR YOU?

Finally it happens. The export order you've been angling working and praying for is a fact. Hands have been shaken, contracts exchanged and dates set.

Now all you have to do is deliver. Seems easy on the face of it, you just pack the products and ship them. And ship them fast. It's your word and your company's reputation that's also riding on this delivery. So who can you trust to do your carrying?

Atlantic Container Line. The moment we roll through your factory gates, your problems end and we take complete responsibility.

With our size and our experience as number one on the North Atlantic, no problem's too big for us.

From pick up point to any destination in the U.S.A., Canada or Europe, it's our

responsibility all the way. So you can be sure it's the fastest route, with no unnecessary administration.

You can rely on us to be minutely conscientious at avoiding

misrouting goods, damaging fragile products and late arrivals.

Whether to a small town or a teeming city, we deliver. We have to, because like you, our word is also our bond.

**ACL**

Atlantic Container Line  
No.1 on the North Atlantic

For further information: Liverpool 051 227-3000



## UK NEWS

# Communism battles over the printed word

THE 38th Congress of the Communist Party of Great Britain in London this week turned out to be a battle over Marxism Today, the party's increasingly widely read monthly theoretical journal. In the event, and rather surprisingly, the forces of Marxism Today won hands down.

That means the battle over the future of the Morning Star, the party's daily newspaper - formerly the Daily Worker - is about to start, and this could be rather more dramatic.

It is quite likely that the leadership of the Communist Party will seek to dismiss the Star's editor and deputy editor, Mr Tony Chater and Mr David Whitfield. But it is just as likely that they will refuse to go, and appeal to the courts for protection in a case that they could well win.

Membership of the British Communist Party is down to about 15,000, from a peak of about 48,000 before the Soviet invasion of Hungary in 1956, and still falling. But the party continues to have an influence beyond its numbers, in the trades unions and on the broad left - sometimes defined as any group to the left of Mrs Margaret Thatcher's Conservative Party.

The most conspicuous example of the broad left getting together this week was the appearance of Monsignor Bruce Kent, the leader of the Campaign for Nuclear Disarma-

ment, at the Communist Party Congress.

Monsignor Kent was rapturously received and gave his own praise to the Morning Star's coverage of, and support for, the peace movement. Hardly anyone present seemed to think it unnatural that the church and Marx should be on the same platform. That was, in a way, the broad left at work.

The idea of the broad left really goes back to the popular front, such as existed in France in the 1930s. It was restated by the British Communists in the British Road to Socialism in 1978.

Roughly speaking, it means that all left-wing forces should co-operate when necessary. A central problem is that they don't and won't, even within the Communist Party.

To attend a Communist Party Congress is something of a political education. It is much more like the other party conferences than one had previously imagined - and in some ways better. There are no block votes, as at the Labour Party, and no careful weeding of resolutions, as at the Conservative Party. It is almost excessively respectable, and if the comrades tend to address each other in code, that is no more than happens elsewhere, say at a Tory conference.

You cannot always tell in advance which way a vote will go. It had been forecast, for example, that the

## A power struggle led by Euro-Communists has caused sharp division in the British Communist movement. Malcolm Rutherford examines the conflict

Stalinists would win control of the party's executive committee. They lost.

To oversimplify vastly: the present battle is between the Stalinists and the Euro-Communists, sometimes known as the "Euroes" for short. The Stalinists tend to believe that the Soviet Union can do no wrong, that all socialist governments and all national liberation movements must be supported, and that nothing about the condition of the working class has changed since Marx first wrote.

The "Euroes" by contrast try to look at the world as it is, and to acknowledge change. Their approach is at least as much sociological as political. They have no particular affinity with the Soviet Union and are seeking to adapt Marxism to contemporary circumstances. That is the purpose of Marxism Today as it is at present edited.

But it is not really as simple as that. There is a third force, namely the Morning Star. The paper has lately been trying to establish its in-

dependence from the party's executive committee. And while the party's executive committee, especially after the elections this week, has moved decisively towards Euro-Communism, the Morning Star has been moving towards Stalinism.

The paper has a legal case. It is not the property of the Communist Party of Great Britain. It is owned by a co-operative called the People's Press Printing Society (PPPS) and now increasingly regards itself as a separate entity.

It has become to some extent the guardian of the old communism, though some Stalinists disapprove even of that because they think that the party newspaper ought to be directly controlled by the party.

The PPPS recently said it would regard any future meeting with the party's executive committee as being "one between two bodies of equal and autonomous status," which is heresy to the Stalinists and the "Euroes" alike. To cap it all, the paper's staff is internally divided.

The results of this week's party congress have at least nominally put the "Euroes" in power. Yet it is a power that will be difficult to exercise. For the PPPS is determined to resist and is not easily open to allowing its opponents to buy shares in the co-operative.

It has suggested that it should acquire a new printing press and become the commercial printer for the trades union movement in general and even for the British Labour Party if it went ahead with its plan to publish a national daily paper broadly in sympathy with Labour's views.

It might even take on any other commercial printing work available in order to make money.

Some of the Euro-Communists doubt whether such a plan is remotely feasible, given the PPPS's lack of commercial success in the past and the absence of journalistic flair in the Morning Star.

They suspect, though they cannot prove, that the Soviet Union has promised a certain amount of money to keep the Morning Star going regardless, as the bastion of old-style British Communism.

That would be difficult, but not impossible. The paper's circulation is down to about 30,000, half of which is disposed of in Eastern Europe.

The cover price may soon rise to 30p for not more than 10 pages a day and it is, as even many Com-

munist admit, a less than sparkling product. But it is a symbol which could be kept going, even if it scarcely sells.

Ideally, what the Euro-Communists would like to do would be to throw out the editor and deputy editor and to turn the Morning Star into a daily version of Marxism Today. It might even become the left-wing newspaper that the labour movement has been calling for.

Some of the "Euroes" would also like to borrow an idea from the Labour Party and expel half a dozen or so of the Stalinists from the Party, rather as Labour eventually kicked out a few of the leading subscribers to the Militant Tendency.

There were quite strong threats at this week's Congress that that could happen.

Still, Marxism Today has its vulnerable points, and the Stalinists could fight back. Another communist journal, Focus, contained contributions from Party members of all sects just before the Congress. Among the criticisms of Marxism Today was the view that "it has long since ceased to have any but a nominal connection with Marxism or with Communist Party policy."

Nor is this wholly inaccurate. The problem with Marxism Today is that it is a brilliant analytical journal - perhaps the best on the British scene - but it has not yet reached any conclusion about where it is going.

# Mercury to be sole BT competitor for next seven years

BY PETER RIDDELL, POLITICAL EDITOR

MERCURY Communications, the private sector consortium, will be the sole competitor to British Telecom (BT) in providing basic nationwide telecommunications services for the next seven years.

Mr Kenneth Baker, the Minister for Information and Technology, announced this yesterday as part of a major statement on the competition policy for telecommunications.

His statement was partly intended, to counter critics, including some Conservative MPs, who have argued that there has been insufficient emphasis on competition in telecommunications. The latest proposals have the personal backing of the Prime Minister who has been closely involved in discussing the subject.

The Government's aim is that over the next few years a single strong competitor to BT should be created, in the form of Mercury, rather than a series of small rivals as has happened in the U.S. The state-owned BT is due to be privatised next autumn.

Mercury, which competes with British Telecom, is a joint venture between Cable and Wireless, British Petroleum and Barclays Merchant Bank. The bank, however, has announced its intention to dispose of its own stake.

Mr Baker, giving his statement at the committee stage of the Telecommunications Bill, said that Mercury needed time to install and formulate its national network, partly because its investment would not yield a return for a long period. Similarly it would be wrong to license a multiplicity of operators in any one area to install overhead wires or to dig up streets.

He said it would be impracticable, from a radio spectrum point

of view, to license more than two national networks at least for some time. "To avoid uncertainty," he said, "the Government has now decided to make it clear that it does not intend to license operators, other than BT and Mercury Communications, to provide the basic telecommunications service of conveying messages over fixed links - whether cable, radio or satellite - both domestically and internationally, during the seven years following this statement. The position will then be reviewed."

Mr Baker discussed the possibility of the future "resale" of leased circuits. He said that the Government had decided to explore the scope for reducing restrictions imposed on the use of circuits leased from BT and Mercury.

The Government expects to reach conclusions early in 1984 on the possibility of allowing group use of inland leased circuits, including the sharing of spare capacity on such circuits and some easing of the restrictions on the interconnection of leased circuits and the public switched networks.

● The Post Office Engineering Union (POEU) yesterday started to scale down its industrial action against the privatisation of BT. About 1,000 members are returning to work. But BT warned the union that it might still take legal action if necessary.

Mr Michael Beit, BT board member, said legal action had become a stronger possibility since Mercury Communications succeeded in winning an injunction against the POEU. The union had been refusing to connect Mercury to the BT network as part of its campaign against privatisation.

# Output rises 2% but recovery fragile

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

UK NATIONAL output grew by 2 per cent in the first nine months of this year, compared with the same period of 1982, according to official figures published yesterday. But separate figures for investments and stocks in the three months to September suggest that the recovery is still fairly fragile.

Total investment has been growing only slowly since the low levels reported at the beginning of this year and actually fell slightly in the second quarter.

Perhaps more worryingly, it appears that companies have been engaged in a further round of running down stocks in the third quarter of this year after some modest rebuilding of stocks in the first three months of the year.

Wholesalers and manufacturing companies, particularly, seem to have cut their stocks, although there was some slight increase in the stocks held by retailers.

Provisional figures from the Department of Trade and Industry suggest a total fall in stocks of £665m at 1980 prices in the third quarter, after a fall of only £30m in the first half. By comparison, in the dip of the recession at the end of 1980, stocks were falling at the rate of about £1bn per quarter at 1980 prices.

The provisional estimate for investment by manufacturers, construction, distribution and financial companies in the third quarter was

£3.8m, an increase of about 1 per cent compared with the level in the previous quarter. In the last six months, capital expenditure by these industries was running at a level of about 1.4 per cent above that in the preceding six months.

However, the total investment figures for the second quarter, issued for the first time yesterday, showed a total of £3.685m, the lowest figure since the start of the recession. This total was about 1.6 per cent lower than the figure for the first quarter.

Falls in investment between the two quarters occurred in the vehicle industry, transport and communications and in energy and water supply.

The Central Statistical Office's estimate for the third quarter's gross domestic product on the output measure showed a 1 per cent increase compared with the level in the second quarter of 1983. This followed little change between the first and second quarters.

There is confusion about the correct interpretation of these figures, as there has been a wide discrepancy between the measurement of national output and of national expenditure and income.

In economic theory, these three measurements should all be the same. However, the difference between them has been recently of the same order of magnitude as the growth rate for the economy.

# Car workers continue Rolls-Royce strike

BY NICK GARNETT, NORTHERN CORRESPONDENT

ROLLS-ROYCE Motors' labour difficulties deepened yesterday when a mass meeting of the company's 2,800 manual workers at Crewe, Cheshire, overwhelmingly rejected its latest pay offer and decided to continue on strike.

The strike has already lasted four weeks and the company has lost production of 172 cars with a showroom value of £10m. Rolls-Royce has warned its workforce by letter that the strike will make certain a loss for the second year running and that a continuation of the dispute could lead to permanent damage for the company.

The company has made a 4 per cent offer on basic pay, which has been accepted by clerical staff but rejected by manual workers. The company has not expressed its new offer in percentage terms. The latest proposals, made on Wednesday, added an extra £1.50 per week from January, in exchange for the ending of an output bonus scheme. The company says the scheme was virtually defunct.

Yesterday's mass meeting was the first to be held during the dispute. The company had made it a precondition of the new offer that it would be put to the workforce with no recommendation by union officials.

# Money supply increases

BY ROBIN PAULEY

THE BANK of England yesterday confirmed the sharp rise in money supply in the four weeks to October 19, ruling out for the time being any further cut interest rates.

The narrow measure of money, M1, which includes notes and coins plus immediate access bank deposits, increased by 1.5 per cent during the month. The wider measure, M2, which also includes time bank deposits, rose by the same amount.

Private sector liquidity, PSL2, which is the widest money measure and includes building society depos-

its, increased by 3 per cent during the month.

All three aggregates have a target range for annual growth of between 7 and 11 per cent. Sterling M2 is just approaching the upper limit, with an annualised growth rate since mid-February of 10.8 per cent. The other two aggregates have now overshoot the target. M1 is growing at an annualised 12.7 per cent and PSL2 at 13.1 per cent.

The central government borrowing requirement, forecast at £1.18bn in October,

# The big advantage of electric storage heaters.

They're small.  
As a result of using the new thermal blocks and improved, more compact insulation, storage heaters are far slimmer than before (some less than 6" in depth).  
Yet performance and efficiency remain as high as ever.

The thermal blocks inside the storage heater have been designed to have a higher heating capacity than before, and today's storage heaters can maintain comfortable temperatures at all times of the day.

**BUT YOU'RE NOT SERIOUSLY GOING TO TELL ME THEY'RE ECONOMICAL?**

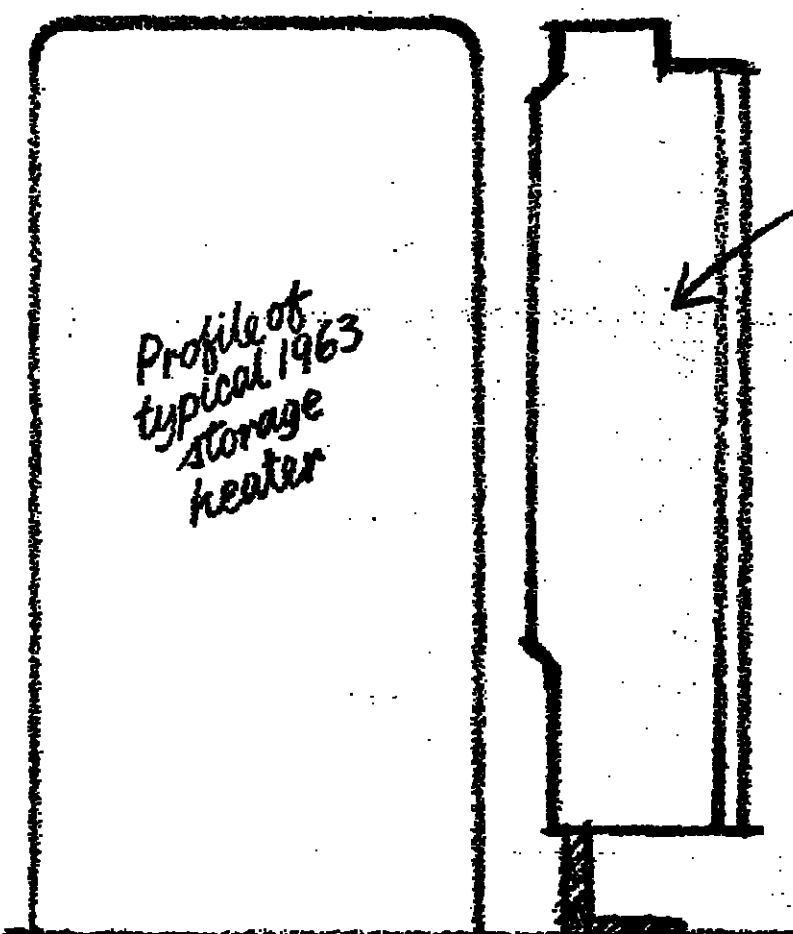
Compared with boiler heating systems, they often have lower capital, installation and maintenance costs, requiring no pipes or flues. Installation time and costs are kept to a minimum.



**THAT'S ALL VERY WELL, BUT SURELY THE RUNNING COSTS ARE TOO HIGH?**

That's the common misconception - but, using low-cost night-rate electricity, storage heaters can easily cost as little as other heating methods, in many cases even less.

Improved features such as auto-



matic controls, together with good building insulation, ensure efficient operation.

Something else worth bearing in mind: electric heating is clean and safe, and electric heaters tend to have a long life, with little maintenance.

As more and more people are finding out.

# More answers

There are many more answers about electric heating where these came from.

So send us the coupon or give us a call: Freefone Build Electric. Post to: Electricity Publications, PO Box 2, Feltham, Middlesex TW14 0TG.

I would like more answers on Storage Heaters from these manufacturers:

© Creda Dimplex ~~Stora~~ Unidare

Name:

Address:

Position in Company:

C0940

**PLANELECTRIC**  
The Electricity Council, England and Wales.



## UK NEWS: ANALYSIS OF AUTUMN ECONOMIC STATEMENT

## DEFENCE

## UK will end pledge to Nato on spending rise

BY BRIDGET BLOOM, DEFENCE CORRESPONDENT

BRITAIN will not continue its pledge to its Nato allies to increase its defence spending by 3 per cent a year in real terms after the current commitment ends in March 1985, Mr Michael Heseltine, Defence Secretary, confirmed yesterday.

Next year's defence budget, however, despite being pared by nearly £300m on estimates published earlier this year, is still expected to show a real growth of some 3.5 per cent over the current year 1983-84. The subsequent year, 1985-86, is also expected to show a similar growth, although so far no revised figures have been published.

In elaboration of the Chancellor of the Exchequer's autumn statement yesterday, the Ministry of Defence (MoD) published figures which show spending of £17,000m for the financial year 1984-85. This compares with last February's estimate of £17,290m. It includes unchanged expenditure of £984m for the Falklands.

Ministry officials say the slight discrepancy with figures published by the Treasury largely relates to provisions made for the Royal Ordnance factories. They claim that with technical adjustments, partly

due to the fall in inflation, the real cut in the budget for next year is only £108m.

Figures for subsequent years will only be published early next year, but yesterday in a briefing for defence correspondents Mr Heseltine acknowledged that in the review of recent weeks, the Government had decided that the commitment to increase defence spending by a real 3 per cent a year after 1985-86 could not be continued. The commitment – not honoured by most Nato countries – was made in 1977.

Mr Heseltine made a point yesterday of emphasising that the commitment would continue until 1985-86 and that with the Falklands, Britain would have increased defence spending by 21 per cent in real terms between 1979-80 and 1984-85.

If Falklands expenditure is excluded, the rise is a more modest 16 per cent.

Mr Heseltine confirmed yesterday that spending on the Falklands would continue to be afforded in addition to the "normal" defence budget, although precisely how that is to be achieved was left unclear.

This is partly due to major

changes which the MoD appears to have agreed to make to the manner in which increases in its budgets are calculated.

It would appear that, in future, the MoD is to determine "real" increases in its budget in "cost" rather than in "volume" terms. Volume is calculated by dividing the cash spent by the rate of inflation which is held to apply specifically to defence equipment.

Until recently this was some 2 percentage points above the rate of inflation in the economy as a whole. Cost terms, which usually give a small figure, are found by dividing by the inflation rate which applies to the whole economy.

Mr Heseltine and his officials put a brave face on these changes yesterday. While refusing to give any figures, the minister noted that a special defence deflator was of much less importance now than in years of high general inflation. He believed the discipline of operating on the same strict cash limits as the rest of the economy would be beneficial to defence, while it was not desirable to let everyone know that they were on an inflation escalator.

## FORECASTS OF EXPENDITURE, IMPORTS AND GROSS DOMESTIC PRODUCT

(£ bn at 1960 prices, seasonally adjusted)

	Consumers' expenditure	General government consumption	Total fixed investment	Exports of goods and services	Change in stocks	Total final expenditure	Less imports of goods and services	Less adjustment to factor cost	Plus statistical adjustment	Gross Domestic Product at factor cost	GDP Index 1980 = 100
1979	187.9	47.6	41.8	63.3	2.5	292.8	59.9	31.5	1.6	203.0	102.7
1980	136.9	48.4	38.3	63.2	-3.2	284.5	67.7	30.9	1.6	197.0	100.0
1981	137.1	48.3	38.8	61.9	-2.7	280.2	56.3	30.0	0.3	194.4	98.4
1982	142.9	49.0	37.6	62.8	-1.0	287.2	58.0	30.9	-0.4	198.0	100.2
1983	144.0	50.3	38.6	63.1	0.6	296.6	61.0	31.8	-0.3	203.6	103.0
1984	147.6	50.8	40.2	65.7	2.0	306.3	64.2	32.8	0	209.3	105.9
1982 first half	68.4	24.4	18.5	31.8	0.3	145.1	29.5	15.4	0.3	98.5	99.7
second half	70.4	24.7	19.1	31.2	-1.3	144.1	28.5	15.8	-0.7	98.4	100.6
1983 first half	71.4	25.4	19.0	31.5	0.7	147.7	30.1	15.8	-0.5	101.2	102.4
second half	72.8	25.2	19.6	31.6	-0.1	148.9	30.9	16.0	0.3	102.3	103.5
1984 first half	73.1	25.3	20.0	32.5	0.9	151.8	31.7	16.2	0	103.9	105.2
second half	74.5	26.5	20.2	33.2	1.1	154.5	32.8	16.5	0	105.4	105.7
% changes:											
1981 to 1982	1 1/2	1 1/4	6	1 1/2	1/2	2 1/2	3	3	2	2	
1982 to 1983	3 1/2	2 1/2	2 1/2	1 1/2	1/2	3 1/2	5	3	3	3	
1983 to 1984	2 1/2	1	4	4	1	3 1/2	5	3	3	3	

GDP figures in this table are based on "conventional" estimates of gross domestic product, reflecting the past average movements in constant-price expenditure, output and income estimates of GDP. Percentage changes are calculated from unrounded levels and then rounded to half per cent. Totals in £bn may not add, due to rounding. Figures beyond the first half of 1983 are forecasts.

## ENERGY

## Industries to provide additional £462m

BY RICHARD JOHNS

ENERGY, the last sector to which the Chancellor of the Exchequer turned his attention in the strenuous bid to contain the budget, will provide an extra £462m in revenue from the electricity and supply industry, the British Gas Corporation and, marginally, the British National Oil Corporation (BNOC).

Taking into account the National Coal Board, the sector's net deficit for the Treasury has been reduced from £733m to £259m.

As expected, Mr Lawson has leaned most heavily on the electricity supply industry, increasing its negative external financing limit, or the contribution to the exchequer demanded of it, from £43m in 1983-84 to £740m in 1984-85.

He said nothing about the rate of return on current cost assets, 1.4 per cent for the current financial year, which the Treasury intends to lay down for the industry.

Thus, the Electricity Council, the umbrella organisation grouping the Central Electricity Generating Board and the area boards responsible for distribution, was unable as well as unwilling – to say last night what the new guidelines would mean in terms of a price rise when the current freeze ends at the end of 1983-84.

The electricity supply industry was hopeful of keeping tariffs stable until the end of next year, and enhancing its competitive position in the process. Yesterday the undoubted anger of its leaders was muted. They clearly intend, if they can, to force Mr Lawson to issue instructions about necessary price increases, and place the onus squarely on him.

After a long meeting yesterday, the Electricity Council limited itself to a brief statement: "The external financing limit set for the electricity

supply industry of £740m is higher than we expected or would have wished. It is now for the industry to work out how the limit can be achieved and what it may mean for tariffs for 1984-85. It is, however, hoped that through continued improvements in productivity and efficiency any increases in prices will be less than the rate of inflation."

For British Gas the negative external financing limit has been raised from £43m to £100m. No rate of return target for it was announced yesterday. Indeed, the corporation is still awaiting one for the present financial year.

There was speculation that Mr Lawson might make an announcement about the gas levy paid by British Gas, hitherto at a rate of 4p per therm, which in 1982-83 amounted to £270.5m. In addition, corporation tax at a 52 per cent rate provided another £568.8m.

With these uncertainties unresolved, British Gas was not prepared to make any comment last night. It was planning an increase in tariffs, from the beginning of 1984, below the rate of inflation and of not more than 5 per cent. It is believed that the corporation could still limit it to no more than that within the tighter margins imposed upon it.

Unlike the electricity supply industry, British Gas was evidently not unhappy with the compromise worked out between Mr Lawson and Mr Peter Walker, Secretary of State for Energy, before the public expenditure review was announced.

As for financial targets, Sir Denis Rooke, the corporation's chairman, is known to be concerned that it should be for a four-year period to assist with long-term planning. He will probably have to settle for a shorter two-year period.

## INDUSTRY

## Aid to be trimmed by £60m

By John Lloyd

THE CHANCELLOR of the Exchequer clipped £60m off the Department of Trade and Industry's £1.41bn provision made in the public expenditure White Paper (policy document), reducing the 1984-85 provision to £1.351bn.

It is not, apparently, a good start for Mr Norman Tebbit, the new Secretary of State. But, when examining more closely, the cut is neither deep nor traumatic and has been handled to accord with the department's priorities.

The cuts will come from regional development grants and from some company aid programmes. They reflect a lower than expected call on resources by the state-owned car company BL – although by how much the department is not yet ready to say.

Companies are not taking up the regional and special grants at the same rate as they did a year or so ago: the estimated provision for regional grants for 1984-85 had already been reduced by more than £130m in the last public expenditure White Paper.

BL is looking better than it did: it declared a trading profit in September. Of the £200m assistance made available to the company in February, only £30m has been drawn.

The decreased demand from companies for special aid could be a worrying trend, indicating that companies are not investing. However, the increases in expenditure in government support for industrial research and development reflects a reordering of priorities, towards support for new technologies, which has been visible for some months.

## STATE ASSETS

## BT sale may be staggered

By Barry Riley

THE GOVERNMENT'S revised target of £1.9bn for special sales of assets in the next financial year implies that the receipts from the privatisation of British Telecom (BT), which is scheduled for next autumn, will be spread over a protracted period.

It is likely that Enterprise Oil, the company being formed out of the offshore oil interest of British Gas, will be worth rather more than £400m when it is floated, possibly early in the financial year.

Allowing for possible smaller items, this would leave rather less than £1.5bn to be raised through the sale of BT. It has been estimated that 51 per cent of BT might well be worth about £4bn.

This valuation is highly conjectural and the Treasury may be basing its revenue projection on a conservative estimate. There have been suggestions that such a large issue should be phased over as many as three years to cushion the impact on the stock market.

For the current year, the target for asset sales remains at £1.25bn, to which it was raised in July. At the time of the March budget, £750m was planned – the increase being the disposal of BP shares last September. This brought in £540m. Another £293m was received as the final instalment on Britoil shares sold in November 1982.

The Government is due in this financial year to dispose of part of the Wytham Farm oilfield in Dorset, an interest held by British Gas. This could yield about £20m.

There would remain £340m, which could be broadly covered by the expected disposal of about half of the Government's remaining 45 per cent stake in Cable and Wireless.

## STATE INDUSTRIES

## Higher finance limit for coal board

BY ROBIN PAULEY

EXTERNAL FINANCING limits (EFLs) for nationalised industries have been reduced by £868m for 1984-85 to £1.882bn. The main share again goes to the National Coal Board (NCB), which is one of only four industries which have increased requirements.

Other industries requiring increases are British Steel, British Shipbuilders and the Civil Aviation Authority, although all are minor in comparison to the NCB, which remains the only industry with a limit of more than £1bn. For 1984-85, the expected limit is £1.1bn to be split between social, deficit and operating grants and borrowing for investment.

The high level of the NCB's financing limit is an indication of just how much needs to be done in the industry before the Government can begin to consider privatising any part of it. If it figures in the Government's plans at all it is at the bottom of the list with the longest time scale – up to 10 years or more hence.

For loan-making nationalised industries such as British Rail and British Steel, the setting of the external financing limit is always a matter of some tension as a combination of worsening trading positions. Reduced EFLs inevitably raise the questions of more cuts and closures.

British Railways Board has fared better than it might with a limit of £936m, although it is not clear what the public service obligation ceiling within the limit is for 1984-85.

Mr Nicholas Ridley, Transport Secretary, said the figures reflected the high priority attached by the Government to capital investment to modernise the country's infrastructure. Although the railway EFLs set demanding targets, "there should nevertheless be scope for investment in railways to increase, given continued improvement in their performance," he said.

The figures reflected the increased profitability of British Airways (BA) which has had an exceptionally good year, he said. In the spring White Paper (policy document) it was forecast to need a £1m financing limit of £5m in 1983-84. This was reduced in July to £1m.

In 1984-85 the airline is expected to make a net repayment of £160m, reflecting the airline's claim that the company has been turned round and is profitable and ripe for privatisation, but there remains the problem of £1bn of debt.

In any case the Government has decided to limit take second place to British Telecom, which looks equally good in the financing limits table. In the spring, the forecast repayment for the present year was £36m, raised to £117m in July and increased for 1984-85 to £250m.

Beleaguered British Shipbuilders has had its limit raised again from £150m in the spring to £158m in July and to £175m for next year. The figure is provisional, however.

Rising profitability at the Post Office is reflected in a forecast increased net repayment of £52m. Disappointment about the reductions in many of the external financing limits from nationalised industry chairmen is likely again to focus on the extent to which the Government has not chosen further to stimulate economic activity through the industries.

The Government has never been overly impressed with this argument, not least because the nationalised industries and public corporations, such as local authorities, have tended to underspend on capital investment while spending heavily on current expenditure through spare capacity and high manpower ratios.

Mr Nicholas Ridley, Transport Secretary, said the figures reflected the high priority attached by the Government to capital investment to modernise the country's infrastructure. Although the railway EFLs set demanding targets, "there should nevertheless be scope for investment in railways to increase, given continued improvement in their performance," he said.

## OVERSEAS

## World trade recovery under way

BY OUR ECONOMICS STAFF

A VIGOROUS rise in activity in the U.S. is not being matched in other countries. In parts of Europe, with the exception of the Scandinavian countries, activity and imports have fallen as they adjust to international or national debt problems.

World trade is only now beginning to recover after a fall in the last two years.

Inflation rates have declined appreciably over the past two years, with commodity prices falling throughout most of last year.

Although some commodities have recovered strongly this year, the effect on the UK economy has been fairly muted. While spot market rates, which enter into some of the most widely-quoted indices of commodity prices, have risen rapidly, there has been less impact on the

FORECAST FOR WORLD ECONOMY					
(Percentage change on a year earlier)					
	Average 1972-82	1981	1982	1983	1984
GDP*	3	2	-1 1/2	2 1/2	3 1/2
Prices* (consumers' expenditure deflator)	5 1/2	9	7	5	6
World trade in manufactures (weighted by UK markets)	4	3 1/2	-2	-1	5

\* Major six countries (U.S., Japan, Germany, France, Italy, Canada)

prices at which most trading has taken place.

Oil prices have also been fairly steady since the fall early this year. Import prices, although rising faster than domestic costs, have not provided strong upward pressure on prices charged by domestic producers.

Recovery in the world economy

and recent improvements in UK industry's competitiveness are expected to lead to a growth in export volumes.

Exports of industrial goods and services are all projected to increase. But with North Sea oil production approaching its peak energy exports are forecast to remain broadly unchanged from recent levels.

## Kingston Power Station, Kingston, Surrey.

Applications are invited from experienced demolition contractors to be considered for inclusion on a limited list of selected contractors to submit competitive tender for this opportunity.

If you would like to be considered please write to Davis, Belfield and Everest, Chartered Quantity Surveyors, 5 Golden Square, London W1R 3AE.

# DEMOLITION!

Address: National Westminster Bank PLC, Kuala Lumpur Representative Office, 24th Floor, Bangunan Pemas, Jalan Raja Laut, Kuala Lumpur, Malaysia. Tel: 938 333. Telex: NATWES 33044. Representative for Malaysia, David M. Hughes.

**National Westminster Bank**  
The Action Bank



## THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

## Shell—a victim of corporate culture

SHELL's strategic planners are a lucky breed. Unlike their counterparts in many other companies they have won widespread respect and "clout" among top executives and line managers for the way they have helped the giant oil group grapple with the world's new-found problems of low growth, cut-throat competition, political instability, and all-round uncertainty.

Yet Shell's chemicals subsidiary continued to invest heavily right into the late 1970s, particularly in giant plants—thereby only adding to the industry's overcapacity and its own losses.

"It was a major, strategic failure," says Leslie Dighton, managing partner of the Corporate Consulting Group, a London-based consultancy which specialises in giving strategic advice to top executives. Shell Chemicals' action was "wildly discordant," not only with some of its competitors (who slashed their investment, and turned to smaller plants, or did both), but also with the realities of the business environment.

The key problem, says Dighton, is that in spite of the proven force of all the planners' work—notably "multiple scenarios" and "option planning"—and despite their influence on a number of Shell's divisions, they had failed to penetrate the corporate culture of the chemicals company.

Even in the late 1970s, Dighton claims, the company still clung to an outdated "paradigm" (subconscious pattern of thinking) in which:

- the petrochemical industry "always grew faster than GDP";
- profitability was a function of scale economies in production;
- changes in the outside world were merely shifts in a basically stable pattern;
- plant investment decisions were taken by engineers.

This is just one of several graphic examples which Dighton uses to ram home his argument that it is often impossible to alter a company's strategy without first changing its culture—which he admits is an exceedingly difficult task.

A long-standing consultant for the likes of Shell and U.S. General Electric, he has been grappling for years with the complexities of corporate culture. For much of that time his work has been hidden by the myriad of U.S. consultancies

which offer all kinds of techniques to increase the sophistication of strategic analysis.

But suddenly, corporate culture is in high fashion. Tired of over-intricate matrices and graphs, and at last aware that implementing a new strategy is far more difficult than formulating it, top executives on both sides of the Atlantic are flocking to learn how to "get back to basics"—in the way they manage, as well as in the construction of their business portfolios. Thanks in particular to the million-selling book "In Search of Excellence," with its "keep it simple" message from two McKinsey consultants, a new industry of "culture consultancy" has been created.

Over the last few weeks, Dighton has himself been advising many of the consultants and business academics who are rushing to join the new fashion. At Business Week's European Planning Conference in London in mid-October, and the Strategic Management Society's annual gathering in Paris last month, he treated them to stinging criticism of the conventional planner's view of strategic change: that it is basically just a matter of making a highly sophisticated rational analysis and presenting this to the client.

Only in two circumstances was rational analysis more powerful than cultural attitudes, warned Dighton: when the company was in crisis and when a new chief executive had just moved in. The rest of the time, culture "has a massive impact on corporate strategy."

More often than not, it was a negative impact. Since culture was basically an extrapolation of the past—an increasingly irrelevant and dangerous activity in today's uncertain world—planners would have to get to work on changing their company's cultures, Dighton argued. They must shift the emphasis of their attention away from the company's "environment" to its "invention," he said. In many cases, the chief executive himself posed a major problem: rather than being a challenger of conventional wisdom, as he should be, he was its "custodian."

By Thomas Peters and Robert Waterman, Harper and Row, £12.50.

Christopher Lorenz

## Acrow feels the surgeon's knife

Peter Bruce on the UK engineering group's turnaround strategy

THE ROT, it seems, set in at one of the stars of Britain's engineering industry. Acrow, early in 1972. That year its founder, and to all intents its owner, William A. de Vigier, received a telephone call during a holiday in Switzerland. The call was from the head of a London merchant bank and he wanted to know whether de Vigier might be interested in buying the Steel Group, and with it, Coles Cranes, Europe's biggest manufacturer of mobile cranes.

Acquiring the Steel Group, which also included Priestmans, the excavator producer, must have been a prospect cherished by de Vigier. Beginning with a small workshop under the Bow railway arches in London in 1936 he had built up Acrow into one of Britain's biggest suppliers of scaffolding and formwork to the construction industry. Profit growth had been unbroken and he had begun, in 1960, to pick up a string of struggling "metal bashing" companies at home and had also established an array of associate companies abroad.

A number of these takeovers, like Thos. Storey, which held exclusive rights to produce the Bailey bridge, and boilermaker Adamson and Hatchett, were made because de Vigier needed to get his hands on skilled labour. But they also conformed to an established Acrow principle—make it, sell it and forget it. Coles was different, however—an established market leader and light years away from the relatively simple engineering operations synonymous with Acrow. The deal was struck with almost unseemly haste. Within two weeks, without an Acrow executive ever setting foot in any of Steel's plants, de Vigier bought the group for £24m, some £8m more than Acrow's entire turnover for 1970.

"Suddenly he had a world leader," says Norman Cunningham, the man who replaced de Vigier as managing director and chief executive nearly two years ago. But the Coles deal had taken Acrow into new, and uncharted waters—products now had to be serviced and spares guaranteed. Even more

dangerous, recalls Cunningham, "Coles was highly geared when it was bought and Acrow had to become even more geared to buy it."

Acrow, nevertheless, made record profits again in 1971-72 of £2.7m. In fact, profit growth was unbroken up to 1979, when pre-tax profits reached £14.29m. The crunch, however, came quickly.

Profits dipped to £2.71m in 1979-80 in the face of a lengthy transport strike and increasing pressure on export margins. The following year, for the first time in 40 years, the group dipped into the red, with losses of £4.9m. Losses escalated in the year ended March 31 this year to £14.1m.

Coles itself lost £10m last year and accounted for some £30m of the group's net debt of £52m, which put Acrow's gearing at an intolerable 149 per cent.

De Vigier, by then well into his sixties, had tried, unsuccessfully, to strengthen headquarters management in 1976 by bringing in Bill Jacks from Coles as group managing director. He stayed until 1979.

## Take a back seat

The founder took over again but by late 1981 de Vigier had decided, almost, to retire. He approached Cunningham, then chief of Otis UK, the lift manufacturer, about the idea of taking on the managing directorship. Cunningham turned down the offer, insisting he be made chief executive and that de Vigier, who owns nearly half the voting stock in Acrow, take a back seat as non-executive chairman.

De Vigier finally relented and Cunningham, a blunt spoken Glaswegian, and Olympic class yachtsman, with a reputation for getting sick companies back on their feet, set about what he might have thought would be a relatively quick road back into profit.

For a while last year, the new chief executive paid lip service at least to the firm Acrow belief that it could sell its way out of recession. Turnover actually increased in the group's first year of loss and, by

April 1982, orders were up 61 per cent on the previous 12 months.

But the robust sales dictum hid the fact that a number of Acrow companies, including Coles, were booking orders at any cost and Cunningham obviously took some time to pinpoint the haemorrhaging. Now that he has, his surgery has been dramatic.

"Bill de Vigier believed in keeping companies in boxes," he says. "My philosophy is open management. Access to me is not difficult and I want to hear the bad news."

The bad news clearly alarmed him. Acrow's debt was spread around at least a dozen banks in the UK and abroad and a mind-bogglingly how vulnerable Stone Platt had been to the banking community, Cunningham went to the banks last November with a recovery plan. "I asked them to give me a year," he says.

Broadly, the plan aims to return the group to profitability and confine it to pre-1983 borrowing limits. Gearing is being reduced by selling off under-utilised or surplus assets, closing UK and overseas companies which are not performing and by improving cash flow in subsidiaries. As a longer-term objective, Cunningham is looking for ways to refinance the group.

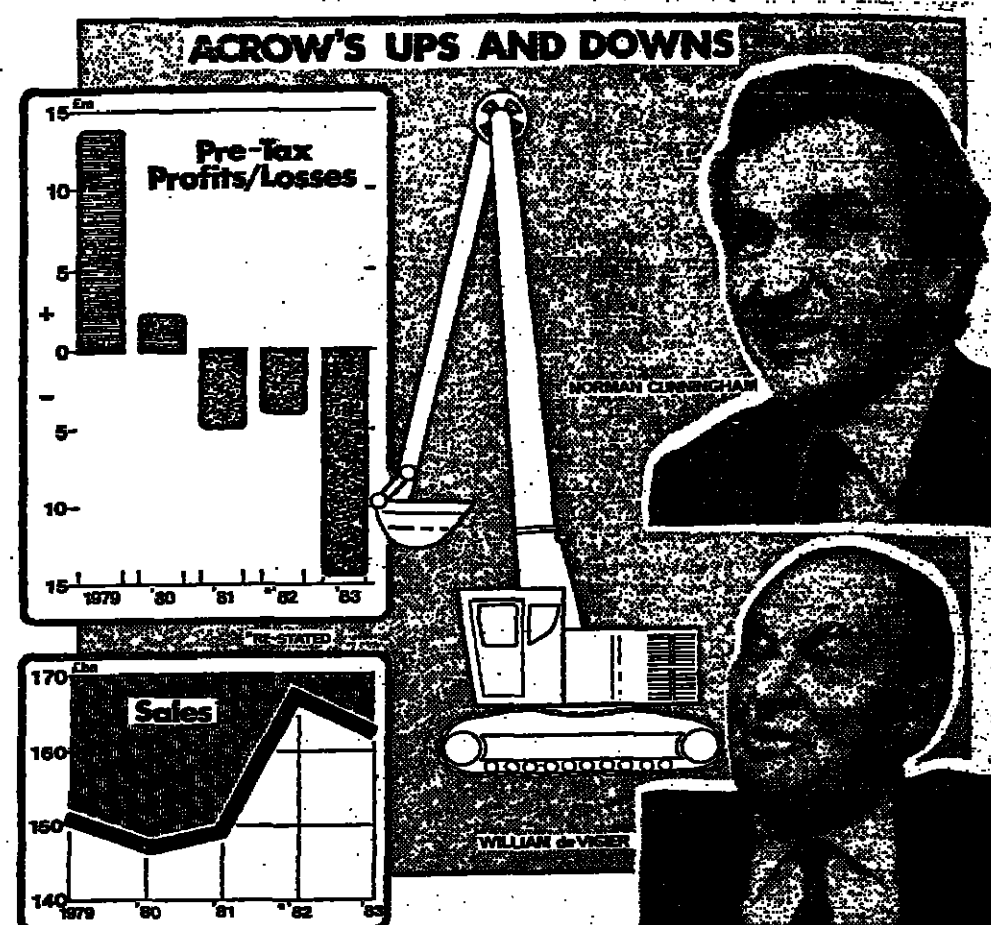
The Cunningham scalpel has lopped off 33 per cent of the workforce in the past 18 months, more than 2,000 jobs. Most of these have gone from Coles.

Overheads have been cut 16 per cent to £8m and inventory, worth £70m at the beginning of the 1982-83 financial year, had fallen to £56m by last August.

Cunningham has also recruited new executives at Coles, Acrow Engineers and Acrow Storage Equipment which, along with the rest of the group, operate to stringent budgeting and reporting systems. "Budgets are now sacrosanct," says Cunningham.

For the banks (from which Cunningham sought a year's grace in 1982) the most interesting element of Acrow's survival plans has involved a series of disposals designed to cut borrowing:

● Acrow Tubes, on the Acrow Engineers site at Saffron Walden, has been closed and the



plant sold to the British Steel Corporation for £2.5m, with a further payment of around £1m probable next year.

● The 23.34 per cent stake in Acrow Engineers (South Africa) has been sold for around £2.1m.

● A series of plant rationalisations—Coles' Glasbury works has closed and work transferred to the main plant at Sunderland; the crane and machinery services business has been trimmed from two sites to one and work at Acrow Engineers' Wallingford, Oxfordshire, site has been transferred to Saffron Walden—leaves three properties, worth around £2.3m for sale.

● Adamson and Hatchett, the Cheshire-based process plant sub-contractor, is up for sale, as is Adamson Chromister Valves, of Houston, Texas.

● The group's 19 per cent stake in Acrow Australia is also attracting interest, although it is believed that a recent bid worth around £5m has been rejected as too low.

One or two companies may yet find their way on to the list of disposables, and optimists in the City believe that the successful sale of businesses and property still on the market could cut gearing back

to a manageable 100 per cent. So far, however, net debt probably still stands at more than £45m.

The final part of the Cunningham rescue has involved radical product rationalisation throughout the group. In a move which he concedes must have come as a shock to the sales-orientated traditionalists at Coles, he has cut its range of cranes from 43 to 17 models. Elsewhere, Priestmans' range has been pared to its two most successful models, though a novel mini-excavator has been introduced.

Will it all work? Cunningham is wary of profit forecasts, with interim results due in a few weeks but insists that in the past year, "we've done all the magic things." Analysts believe that while Acrow will produce losses for the first six months, there will be some improvement on the previous half year. One stockbroker is forecasting full year losses of around £8m, with a much-improved second half.

Pre-tax forecasts, however, mask an undercurrent of optimism at Acrow and its brokers about performance at the trading level. Barring disaster, Coles itself could be trading near or at break-even by the end of the year. Acrow Storage Equipment is likely to make

money over the year, as is the container business. Acrow Engineers is understood to be operating profitably.

The tricky part, refinancing, will begin in earnest once profitability seems secure. Acrow urgently needs new equity. Its non-voting Ordinary "A" shares are trading now at around 14p, well below par value, which effectively rules out a rights issue. In any case, the key to refinancing lies in entranching the "A" shares.

De Vigier holds 49.3 per cent of the 1.6m voting shares and has conceded, in principle, to enfranchisement.

There is irony in the fact that Acrow is now being forced to re-group around Coles cranes in its effort to survive the recession. Accounting as it does for nearly half Acrow's turnover, Cunningham probably has little option. Even in a less cautious world it would probably be as hard for him to contemplate selling the pride of Acrow's stable as it was for de Vigier to resist buying it in the first place. He makes no bones about early pressure from the banks to sell the crane maker but adds firmly: "I didn't come here to do a liquidation job for the banks. We've just got to get Coles right."

## ARAB INTERNATIONAL BANK



## البنك العربي الدولي

BALANCE SHEET  
JUNE 30, 1983 and 1982

	1983 US\$ '000	1982 US\$ '000
<b>ASSETS</b>		
Cash and due from banks	49,171	45,075
Time deposits	1,519,398	1,324,545
Investments		
Marketable notes and bonds	63,004	59,128
Equity participations	38,295	36,362
Loans and advances		
Less provision	542,792	389,793
Accounts receivable and accrued interest	29,037	34,773
Property and equipment	31,089	28,746
	<b>2,272,786</b>	<b>1,918,422</b>
Customers' liabilities under credits, guarantees and acceptances	<b>367,162</b>	<b>404,264</b>

	1983 US\$ '000	1982 US\$ '000
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Demand deposits	177,708	130,612
Time deposits	1,789,932	1,478,719
Accounts payable and accrued interest	44,602	54,644
Proposed dividends	15,000	15,000
Floating rate notes 1983	25,000	25,000
Total liabilities	<b>2,052,242</b>	<b>1,703,975</b>
Shareholders' equity		
Share capital	100,000	100,000
Statutory reserve	26,741	24,317
General reserve	93,259	85,683
Retained earnings	544	4,447
Total shareholders' equity	<b>220,544</b>	<b>214,447</b>
	<b>2,272,786</b>	<b>1,918,422</b>
Liabilities under credits, guarantees and acceptances	<b>367,162</b>	<b>404,264</b>

Mr. Hadi Mohamed Giteli  
Managing Director

Dr. Mostafa Khalil  
Chairman

Head Office: 35 Abdel Khalek Sarwat Street, Cairo, A.R.E.  
Cable Address: ARABINBANK, CAIRO.  
Telex: 92079 AIB 92296 UNCON UN  
Telephone: 918794—916726—916492—916391—916529—919663—935140

Alexandria Branch: 2 El Horreya Avenue, Alexandria, A.R.E.  
Telex: 54431—54434 AIBLX UN  
Telephone: 963813—963819—963821

Port Said Branch: 57 El Gomhoreya Street, Port Said, A.R.E.  
Telex: 63273 AIBPS UN  
Telephone: 23739—27623

Tahrir Branch: 1113 Corniche El Nil Street, Cairo, A.R.E.  
Telex: 7612—7614 AIBIR UN  
Telephone: 743448—750781

Bahrain Branch: Diplomat Tower—Diplomatic Area—  
Road No 1705—Block 317—Manama, Bahrain  
Telex: 9489 AIBBAH 9538 AIBEX. Telephone: 261611

## SOUTH AFRICAN INDUSTRY

## Monopoly power under the spotlight

By J. D. F. Jones in Johannesburg

THE AFRIKANERS have often been in two minds about monopolies. A 100 years ago, monopoly concessions were the basis of industrial policy in the remote Transvaal Republic, and President Kruger granted the liquor monopoly to a friend— which may make it less of a surprise that South African Breweries today has a beer monopoly throughout the country.

More recently, National Party politicians rallied against capitalists such as the Oppenheimer family, caricatured as "Ezengweni" in the Afrikaans Press. But the ruling party, which has traditionally gained most of its support from the Afrikaner community, set up state-owned monopoly industries such as Iscor, the steel manufacturer, and encouraged the emergence of Afrikaner-controlled mining and finance houses.

Monopolies are once again under the spotlight. The Competition Board—which has not played a highly effective role since its formation in 1979—has been instructed by Dr Dawie de Villiers, Minister for Commerce and Industries, to launch an urgent investigation into competition in the South African economy, and in particular to look into the occurrence of interlocking business undertakings, directorships and employees... and the effect thereof on economic concentration and competition.

The question exercising South African businessmen is whether this inquiry is the first step in a campaign to check and reverse the concentration of corporate power in the country, or whether it is merely the cue for a theoretical discussion. For fairly good reasons, there has as yet been no panic in the Rand Club, where leading businessmen gather.

Significantly, the commission has been asked to "advise rather than to rule" on competition. The word has gone out that its investigation is likely to be essentially an analytical survey of corporate ownership with recommendations which might tilt towards the academic rather than the practical. Nor does the Competition Board at present inspire great fear in Johannesburg boardrooms. It has not demonstrated that it carries the clout of government and last year was humiliated when the Cabinet, for manifestly political reasons, rejected major pro-



Botha: "concern"

posals for the wine and liquor industry.

It is perhaps not surprising that the Government feels free to disagree with its own Competition Board, since National Party governments have over the years created a formidable team of state-owned industrial organisations with monopoly powers in their sectors. Recently Iscor was permitted to hand control of Samancor, the important manganese producer, directly to Gencor, the mining house, without seeking alternative purchasers.

However, there has recently been concern about the evident intensification of monopolistic structures in South Africa's (inevitably intertwined) private industrial, commercial and financial sectors. The past 12 months have seen a large number of boardroom dramas and newspapers have become expert at drawing diagrams showing when ultimate control of the companies involved can be traced back to companies and personalities.

The Financial Mail, a business magazine, recently calculated that every one of the top industrial companies is connected, by interlocking directorships, not only with each other but with the three largest

mining houses, the two largest life insurance institutions and four of the five banking groups.

Three months ago, an ex-businessman and researcher, Mr Robin McGregor, calculated that just seven corporations controlled 80 per cent of the R90bn (£52bn) total value of the shares on the Johannesburg Stock Exchange. Even more dramatically, he claimed that three of these groups controlled 73 per cent. South Africa, said Mr McGregor, was "riddled with monopolies and cartels."

He claimed that Anglo American "controlled" 52 per cent of the shares, Sanlam 9.4 per cent, Barlow Rand 7.4 per cent, Anglo Vaal 3.2 per cent, Rembrandt 2.1 per cent, the Liberty Life insurance group 1.1 per cent and Old Mutual 0.8 per cent. All these groups are themselves interlinked in a labyrinthine manner. Only 4 per cent of shares on the Johannesburg Stock Exchange are in companies still under majority control of their own directors, he says.

These calculations caused great interest here, in part because the takeover scene has been very active this year (the more so because of disinvestments by foreign companies). The complicated and dramatic events relating to the reorganisation of the Premier group, involving Liberty Life, Safmarine, SAB, Anglo and JCI have kept in the headlines the names of businessmen such as Premier's Tony Bloom, Anglo American's Gavin Rely, Gordon Waddell of JCI, Dick Goss of South African Breweries and Sol Kerzner (Southern Sun).

This personality element is not irrelevant. White South Africa is in this respect a very small society. As Dr De Villiers identified, interlocking directorships will feature in the Competition Board's work.

Leaders on both the government and business sides have been taking up positions on the inquiry. Mr P. W. Botha, the Prime Minister, has spoken of his "concern regarding the tendency to have over-concentration of economic activity and power in the hands of a few large companies." Ignoring such State-owned companies as Sasol, Escom, Iscor and Armscor, he added: "This is neither in the interest of our country, nor in the interest of private initiative."

Mr Gavin Rely, chairman of Anglo American, felt it necessary to argue that there had

## RECENT TAKE-OVERS

THE CONCENTRATION of South African corporate ownership in the hands of a small number of giant groups is illustrated by recent take-overs:

● Anglo American was the central figure in the consortium which took control of Premier Group (food, publishing, etc) and South African Breweries (beer, consumer goods). Amic, the industrial investment branch of Anglo American, has just stepped up its interest in Tongaat, the Natal-based diversified food and sugar group which merged with Huilts in April 1982. Anglo took over Chrysler's remaining 25 per cent in Sigma at the beginning of this year. Amic has just revealed that it is going into electronics via Altech, the fast-growing electronics company, and Asca. ● Sanlam, the second largest insurance group, controls Gencor, the second biggest mining house. Gencor has just taken over Tedelx (consumer electronics) and acquired Samancor (ferro-alloys) from Iscor. Its Kohler subsidiary has bought the

local operations of DRG and Xactra in the packaging sector.

● Barlow Rand, the industrial and mining house, gained control of Metal Box SA to merge it with Nampak.

Last year Barlow bought Tiger Oats and merged it with C. G. Smith, a diversified food group.

● Old Mutual, the country's largest insurance group, despite its reputation for preferring a wide spread of funds which have to be employed— but South Africa's foreign exchange controls have not yet been relaxed to the point where significant sums can be funnelled abroad without complication.

● The "patriotic" theme. This starts from the position that South Africa needs strategic self-sufficiency, admits that import substitution is nudging its sensible limits, and comes through with the argument that South African business has to be large-scale in order to compete in foreign markets. Expansion abroad, it is said, must be the next stage in the country's industrial and commercial development. (Thus Mr Kerzner recently justified his monopoly takeover of the casinos of the whole region on the grounds that he had to be really big to be able to expand overseas).

One suspects that, at the end of the day after the Competition Board has reported, all parties will accept the argument for permitting Rand investment overseas—by which time the balance of payments will have strengthened and the new rules allowing the mining houses to hold dollars will have settled down. The Reserve Bank may then be willing to permit a further lifting of the barriers to investment outside the country. President Kruger would not have been amused.

been a lot of "double-counting" in statistical analyses. South Africa, he said, was fortunate to have companies in the tradition of "entrepreneurs and risk-takers" and could not afford American-style rules and regulations "in a frontier economic society." In a later speech, he threw in an attack on the Government's most cherished policy, of black influx control.

Mr Frans Davin, managing director of the Old Mutual (total assets R3.9bn) added that he did not see that a concentration of power need cause mono-

polistic conditions — although he agreed that monopolies, if they existed, were not in the people's interest. Mr Donny Gordon of Liberty Life, who looms larger and larger in the financial world, argued that South Africa's exceptional economic development had been largely due to the efforts of these major corporations, and that the economies of scale they enjoyed were still insignificant in comparison with those of their international competitors.

The response to all this of Dr David Mouton, the Competition Board chairman, was placatory.

## INSURANCE INFORMATION FOR SALE

The Financial Times World Insurance Report combines the unrivalled accuracy and authority of the FT—with its worldwide news-gathering resources and highly developed research facilities—with the exclusivity, depth-of-detail and conciseness of a specialist newsletter.

Every two weeks, World Insurance Report provides subscribers with exclusive coverage of the world's marine and non-marine property-liability markets. Topics covered include:

- ☐ Territorial market conditions
- ☐ Class market developments
- ☐ Supervision, legal decisions, investment tax and foreign exchange
- ☐ Technical developments in reinsurance, broking, agency and pooling
- ☐ World company intelligence, including performance and security ratings, mergers, new formations, joint ventures and key personnel movements

To: The Marketing Department, FT Business Information Ltd., Bracken House, 10 Cannon Street, LONDON EC4A 3DF. Please send me a sample copy of World Insurance Report together with full subscription details.

Name \_\_\_\_\_  
Position \_\_\_\_\_  
Company \_\_\_\_\_  
Address \_\_\_\_\_  
Telephone \_\_\_\_\_  
Nature of Business \_\_\_\_\_

## FINANCIAL TIMES FILM SERVICE

20 Supersize prints for £2.25

Now 30% Bigger Than Ordinary Enprints

## TOP QUALITY

All prints will be borderless, Supersize Superprints, round cornered and hi-definition sheen.

## FAST SERVICE

On receipt of the films at the laboratory, all Kodacolor II 110, 126 &amp; 35mm films will be processed in 48 hours. Other film makes and reprints can be processed but are not covered by the 48 hour guarantee and so take longer.

Please allow for variations in the postal service and the fact that there is no weekend working in the laboratory. Films should be returned in approximately 7-10 days.

Reprint prices are available on request. We do not accept C22, sub miniature, Minolta or black and white film.

## COMPETITIVE PRICE

Developing, postage and packing at 85p per film plus a printing charge of 7p per print.

Prints are returned by first class post to your home, and full credit is given for negatives that are not technically printable.

No. of exposures	FTPS Price
12	£1.69
15	£1.90
20	£2.25
24	£2.55
36	£3.37

## COLOUR PRINT FILM

Top quality 24 exposure colour print film only £1.25 available in 110, 126 and 135 sizes.

Complete the coupon below and post to: Financial Times Film Service, PO Box 45, Taplow, Maidenhead, Berks SL6 0AD. Telephone: 0754 587553.

Note: While the utmost care is exercised to ensure the safety of films delivered, we regret that no liability can be accepted for any losses resulting from the loss or damage to any films.

Registered Office: 5 Kidwell's Park Drive, Maidenhead, Berks.

Please enclose cheque/P.O. made payable to "Financial Times Film Service" and post with film and coupon in a strong envelope to:

Financial Times Film Service, P.O. Box 45, Taplow, Maidenhead, Berks SL6 0AD.

If colour print film required please indicate quantity and add cost to order

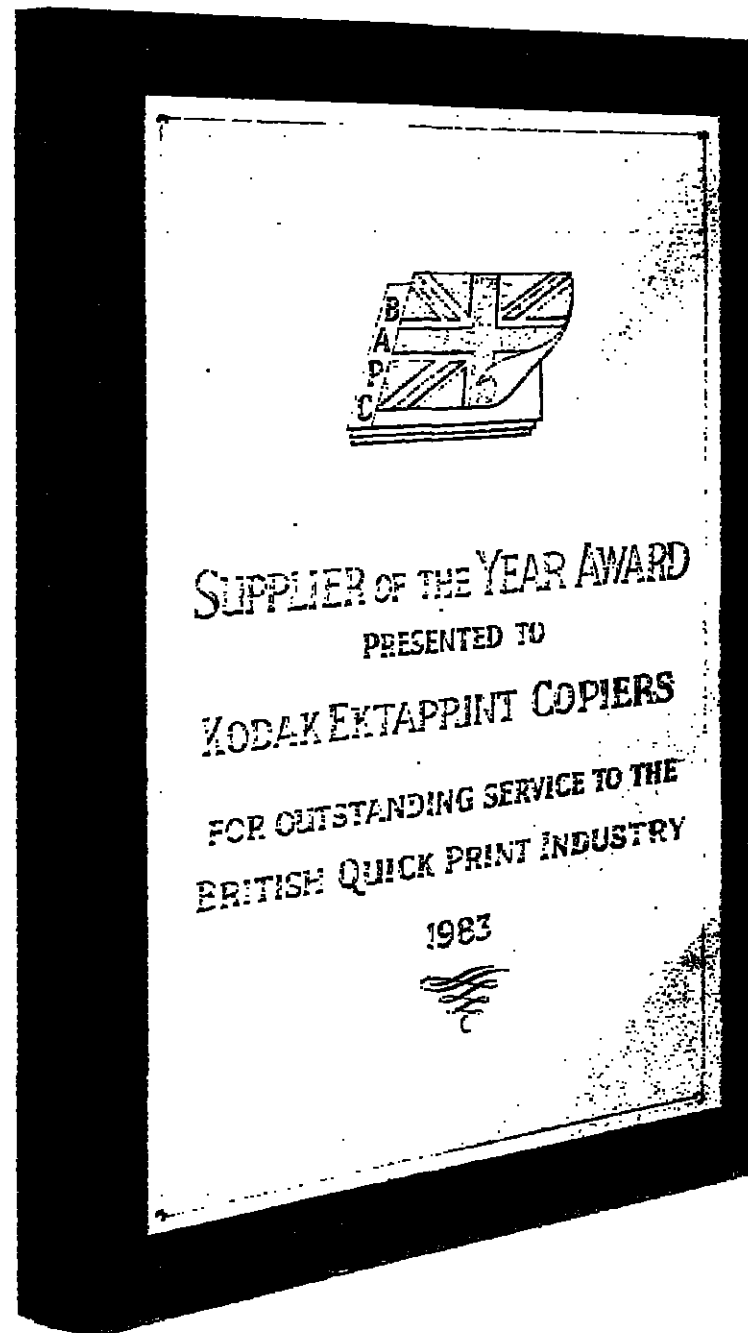
Film Type	No. Reqd.
110/24	
126/24	
135/24	

☐ If Ordinary Enprints required please tick box

NAME \_\_\_\_\_

ADDRESS \_\_\_\_\_

This offer is only applicable to readers of the Financial Times within the UK. We process on the basis that the film value does not exceed material cost and our liability is therefore limited to that amount. Offer valid to 31.12.83. Minimum charge 85p. Registered in England No. 1007250.



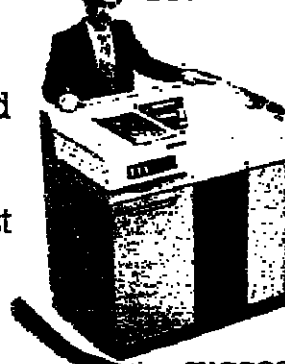
## The day a 'Kodak' copier actually broke down.

The day our copiers won a major award from the British Association of Print and Copyshops was a rather emotional one for Kodak.

To us, however, this award simply vindicated our belief that the range of 'Ektaprint' Copier-Duplicators is the best buy on the market today.

Every member of the B.A.P.C. is a professional with the most exacting standards. So they bestow this award only for really well-proven performance.

Performance judged on productivity, reliability — and service back-up.



After two successful years in the UK, the 'Ektaprint' copiers have fully furnished this proof. To businesses of all sorts and sizes.

Demonstrating, once and for all, that high-volume copying doesn't always lead to tears.

Kodak the first name in photography. The last word in copying.

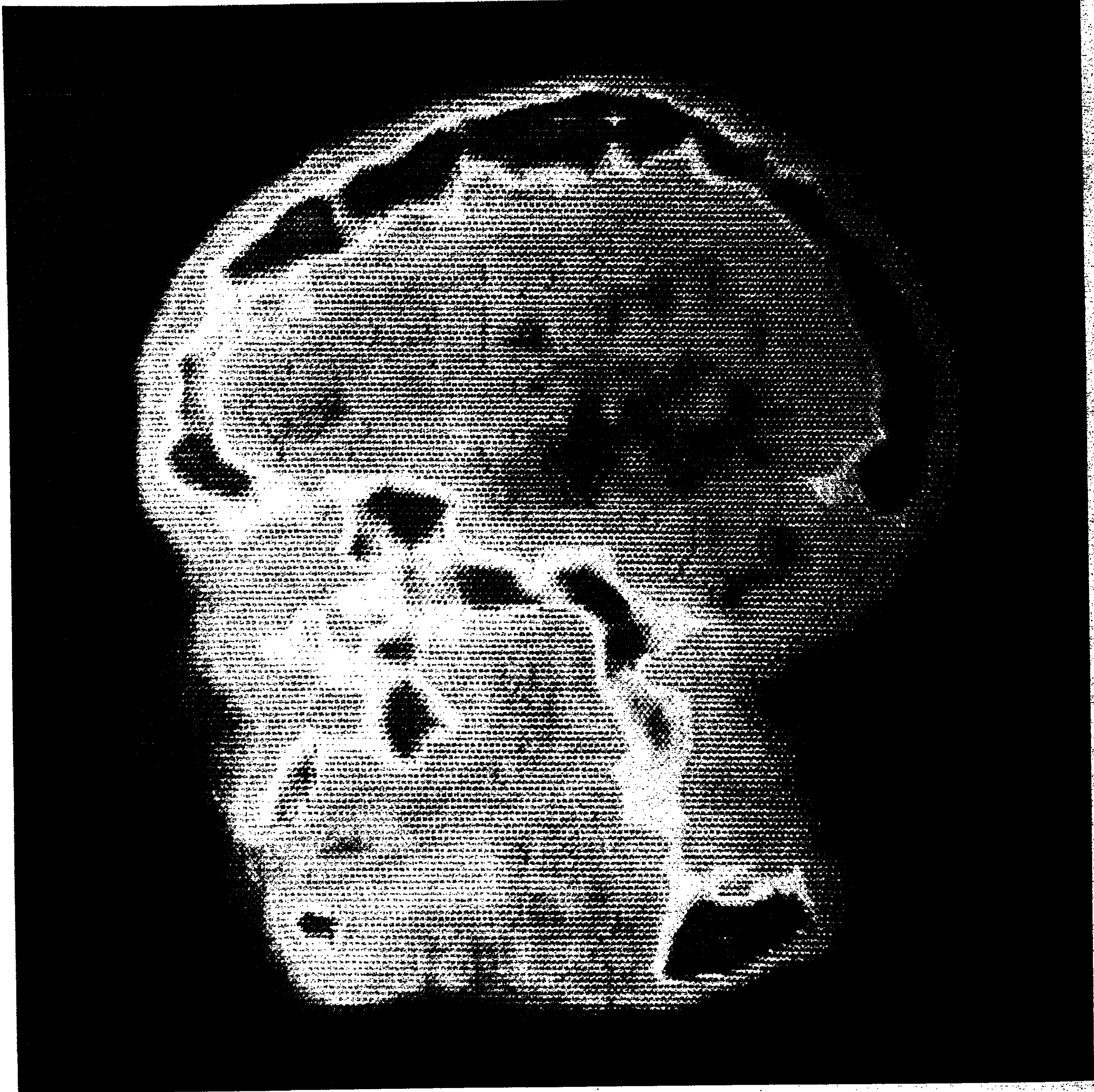
KODAK 'EKTAPRINT' COPIER-DUPLICATORS

Contact Helen Smith, Kodak Limited, Copy Products Sales, Victoria Road, Fulfill, Middlesex HA4 0QJ. Telephone: 01-422 3443.

Name \_\_\_\_\_  
Company \_\_\_\_\_  
Position in Company \_\_\_\_\_  
Address \_\_\_\_\_  
Tel No. \_\_\_\_\_

Kodak and Ektaprint are trade marks.





## British industry's secret weapon.

The panacea for Britain's future is a lot closer to home than most people think.

It's called brainpower.

Experience shows that when British industry seriously turns its mind to it, no peak is unscalable. And no problem unfathomable.

If anyone has any doubts, they only have to look at STC.

One of our policies is to upgrade dramatically the status attached to original thinking in product marketing and design. We're also determined to take calculated risks in backing them.

The results are often surprising.

For example, we've not only produced the world's first electronic pocket pagers with a single-chip radio circuit, but

we export them to Hong Kong. (Rather like selling vodka to the Russians).

And although we've also developed into such new areas as hospital, airport and meteorological systems, we've extended the frontiers of telecommunications even further.

Our latest phones have a VDU to link-in direct with teletext, computers and word processors.

The point is: when the future of things that matter looks grey, you only have to use your grey matter.

If you would like to take a closer look at how STC is shaping the future, please write to:

Peter Earl at Standard Telephones and Cables plc, STC House, 190 Strand, London WC2R 1DU.



**Making sure the future has a future.**

NATIONAL AND INTERNATIONAL COMMUNICATIONS SYSTEMS · BUSINESS TERMINALS · OFFICE AUTOMATION SYSTEMS · CONSUMER ELECTRONICS · AVIATION · ELECTRONIC COMPONENTS · DEFENCE AND MARITIME COMMUNICATIONS SYSTEMS · MEDICAL AND SOFTWARE SERVICES · TRAINING SUPPORT · TECHNICAL AND TECHNOLOGICAL CONSULTANCY



## THE ARTS

## Arts Week

F S Sa Su M Tu W Th  
18 19 20 21 22 23 24

## Music

## LONDON

Halle Orchestra conducted by James Loughran with Peter Katin, piano. Mendelssohn, Chopin and Shostakovich. Royal Festival Hall (Mon), (0253191).

English Chamber Orchestra conducted by Sir Charles Mackerras with Vladimir Ashkenazy, piano and members of the Royal Military School of Music, Handel, Beethoven, Sostakovich and Mendelssohn. Royal Festival Hall (Tue), (0253191).

London Symphony Orchestra conducted by Myung-Whun Chung with James Galloway, flute. Carligiano and Rime-Koraszko. Barbican Hall (Tue), (0338895).

Philharmonia Orchestra conducted by Kurt Sanderling with Mitzuko Uchida, piano. Haydn, Mozart and Beethoven. Royal Festival Hall (Wed), (0253191).

Chamber Music Society of Lincoln Centre. Brahms, Beethoven, Schubert and Mahler. Royal Festival Hall (Thu), (0253191).

## Theatre

## PARIS

Trisha Brown in *Son of Goose Fishing*. Opal Loop and Set and Street followed by Karole Armitage, Jeffrey Lohn in *Paradise*. Theatre de Paris (280 0630).

Duke Ellington's *Sophisticated Ladies* in a musical by Donald McKayle and Michael Samrin. TNP-Chatelet (233 4444).

## LONDON

The Real Thing (Strand): Susan Penhaligon and Paul Shelley now take the leads in Tom Stoppard's fascinating, complex, slightly flawed new play. Peter Wood's production strikes a happy note of serious levity. (020 7860 4142).

Deafy Falla R Off (Globe): Enjoyable romp derived from the world of *Alice*. Brazil novels, gymnastics, hockey, sticks, a cliff-top rescue, about moral reasoning and a running school hymn. Spitting if you're in that sort of mood. (457 1052).

Noises Off (Savoy): The funniest play for years in London, now with an improved cast. Michael Blake-moore's brilliant direction of backstage shenanigans on tour with a third-rate farce is a key factor. (030 8808).

Glenview Glen Rose (Cottesloe): One of America's best playwrights, David Mamet, has a startling world premiere at the National Theatre in this superb Bill Bryden production of life among real estate salesmen. The language rocks and rolls through idiomatic speak with many a glancing reference to post-Nixon break-in paranoia (020 7830 1100).

Hay Fever (Queen's): Penelope Keith continues her reign as the iron maiden of British showbusiness. Well-dressed and marcel-waved, she plays Judith Bliss in Coward's great comedy, presiding over caricatures and confusion in a Thames-side country house. (734 1105).

Little Shop of Horrors (Comedy): Tuesday camp musical based on 1986 Roger Corman B-movie about a

## Exhibitions

## ITALY

Milano: At the Chiesa delle Grazie there are 100 pre-Raphaelite and Neoclassic paintings for church windows.

Venice: Palazzo Ducale, 7000 Years of China exhibition. Ends Dec 31.

Museo Correr: Titian's engravings on show. Palazzo delle Prigioni: exhibition of works by Massimo Campigli.

Venice: Palazzo Ducale, 7000 Years of Chinese Art. Ends Dec 31. Palazzo Grassi, exhibition of paintings by Filippo de Pisis. Ends Nov 20.

## PARIS

Raphael - Three exhibitions pay homage to the great Renaissance painter - born 500 years ago. The Grand Palais exhibition, from the Louvre, most of the paintings and drawings from French museums, among them *Le Petit Saint Georges*. Le Belle Jardiniere and Balthus exhibition shows Raphael's influence on French art from the 18th century to the present. Grand Palais (201 9410).

Closed Tue, Wed late closing. Ends Feb 13. The Louvre completes the anniversary celebrations with an exhibition of the most brilliant of Raphael's collaborators, among them Giulio Romano, and of his disciples. Louvre, Cabinet des Dessins (280 8820). Closed Tue, Ends end of Feb.

Balthus - In collaboration with the Metropolitan Museum 50 paintings and as many drawings are shown in the selective painter's first retrospective revealing a universe peopled with adolescent girls and cats in an atmosphere of troubling lunacies. Centre Georges Pompidou, Closed Tue, Ends Jan 26 (77 1253).

Cybele Art Collection from the M. and D. Goulandris Collection - more than 200 remarkable items dating from the third century B.C. are being shown at the Grand Palais before returning - definitely - to Athens. Grand Palais (ends Jan 9 1994). Closed Tue, Wed late closing 10 pm (261 5410).

Turner (1775-1851) - the exhibition traces the creative development of the artist who, although steeped in the great landscape-painter's tradition of the 18th century, becomes - through his fascination with the effects of light - one of the forerunners of abstract art. Grand Palais (Oct 15-Jan 16). Closed Tue (201 9410).

Academy of Ancient Music conducted by Christopher Hogwood with the Salomon String Quartet and Rami Kibbey, soprano. Mozart. Queen Elizabeth Hall (Thu).

London Symphony Orchestra conducted by Myung-Whun Chung with James Galloway, flute. Carligiano and Rime-Koraszko. Barbican Hall (Thu).

## PARIS

Iva Ligabue recital (Mm) Theatre de l'Attance (742 7177).

Chamber Music J.C. Penner, piano. R. Pasquier, violin. R. Pasquier, alto. R. Fidon, cello. Brahms, Chausson (Mon) Radio France, Grand Auditorium (205 016).

Zoltan Kocsis, piano. Debussy (Mon) TNP-Chatelet (233 4444).

Pierre Amoyal, violin. Michael Rudy, piano. Mozart, Brahms, Franck (Tue) Theatre des Champs Elysees (724 7777).

Orchestre de Paris conducted by James Conlon. Orchestre de Paris choir conducted by Arthur Oldham. Debussy's *Stabat Mater* (Wed, Thu) Salle Pleyel (563 7100).

Ensemble Orchestral de Paris conducted by Wilfried Bruchmann. Jean-Pierre Collard, piano. Haydn, Mozart, Mendelssohn (Thu) Gaveaux (563 2030).

Recital F. R. Douchet: Bach, Liszt, Beethoven, Chopin, Dukas (Thu) Theatre des Champs Elysees (724 7777).

## NEW YORK

New York Philharmonic (Avery Fisher Hall): Klaus Tennstedt conducting. Philip Morris. All-Strass program. Tuesday. Andrew Davis conducting. Chou-Liang Lin violin. Mercuri, Sibelius, Nielsen (Wed). Lincoln Center (974 2424).

Joyce Norman (Carnegie Hall): Recital with Philip Hall piano. Schubert, Wagner, Duparc, Satie (Tue). (267 7450).

## Theatre

## PARIS

Cats (Winter Garden): Still a sellout. Trevor Nunn's production of T. S. Eliot's children's poetry set to trendy music is visually startling and musically splendid. A bit wan, but the lyrics sharp. The plant grows from the music of a rather staid and overblown idea of theatricality. (230 8202).

La Cage aux Folles (Palace): Perhaps the most extraordinary musical comes, like *Evita* and *Cats* before it, at the very beginning of the theatrical year. Despite stellar names such as Harvey Fierstein writing the book and Jerry Robbins the music, the best parts of the show are not the hoopla, apart from the first-act finale in the *Gauche Parisienne*, but the intimate moments borrowed direct from the heart. (020 7860 4142).

Dead Street (Metjestic): An immediate celebration of the heyday of Broadway in the '30s incorporates gems from the original film *Shuffle* and a new play by the appropriately brash and lively book by a large chorus line. (020 7860 4142).

Torch Song Trilogy (Helen Hayes): Harvey Fierstein's ebullient and energetic musical comedy, which has been a Broadway smash since its debut, is a wild historical in between, down to the confrontation with his dying Jewish mother. (044 9450).

Dreamgirls (Imperial): Michael Bennett's latest musical has now become a stalwart Broadway presence despite the forced effort to recreate the career of a 1960s female pop group, a la *Supremes*, without the quality of their music. (230 8202).

Nine (46th St): Two dozen women surround Sergio Franchi in this Tony-winning musical version of the Fellini film *9½*, which like the original celebrates creativity, here

as a series of Tommy Tune's exciting songs. (248 5245).

On Your Toes (Virginia): Galina Panova with presumably a genuine Russian accent leads an exuberant cast in the remake of Rogers and Hart's 1936 send-up of Russian ballet tours, complete with Slaughter on Tenth Avenue choreographed by George Balanchine and directed, like the original, by George Abbott. (020 7860 4142).

Brighton Beach Memoirs (Neil Simon): If he had not died before, playwright Neil Simon can expect a long run of his funny as well as touching childhood reminiscence now that the Nederlander organization has not only secured the rights to the play but also the production rights. (020 7860 4142).

A Chorus Line (Shubert): The longest-running musical ever in America has now moved to the Shubert Theatre. Papp's Public Theater for eight years, but also updated the musical genre with its backstage story in which the songs are used as audition numbers rather than encores. (230 8202).

R. M. (Forum): Moving into its second year, parodying melodrama in a hospital setting, this emergency room continues its adventures among a young doctor, a receptionist and an ambulance nurse. (450 3000).

## Opera and Ballet

## WEST GERMANY

Berlin Deutsche Oper: The week starts with Lucia di Lammermoor, sung in Italian, conducted by Franco Mascia. Die Meistersinger von Nürnberg is presented with Wagner specialists Anne Hagander and Siegfried Jerusalem making his debut as Walther von Stolzing. Tristan und Isolde has Spas Wenhold and Katarina Ligabue in the leading roles. Orpheus and Eurydice closes the week. (34 381).

Hamburg Staatsoper: Alexander Zemlinsky's Der Kreidekreis returns to the German stage. Le Traviata, sung in Italian, features Denes Gyula and Sona Ghazarian. Berlin's Die Trojaner is produced by Götz Friedrich. The cast includes Karan Armstrong, Hanna Schwarz and Harald Stenna. Bach's Amadis, rediscovered by Helmut Rilling last year, has Helen Donath, Doris Soffel and Eberhard Büchner. (35 151).

Frankfurt Oper: The revival of Der Freischütz has Walter Raffeiner in the title role. This week's highlight is Tosca with outstanding Grace Bumbury in the title role and Giuseppe Giordano as Scarpia. Der Fiesco in Italian has Gerolf Scherer excellently in the part of Selim. Manon Lescaut convinces thanks to brilliant Wally Minzies in the title role. Un Ballo in Maschera has Carlo Franci as Riccardo. My Fair Lady gives a light touch to the week. (52 521).

Cologne: Festival of voices with star singers Rene Kollo, Jeannine Altmeyer, Manfred Schenk and Eva Randova presenting a Wagner programme. (20 181).

Münster: Die Walküre. Die Zauberkraft ist ein August Everding production. It brings together Daphne Evangelatos, Marti Talvela and Franziska Arndt. Wagner's Der Ring des Nibelungen is a visit with Anna Tomowa-Sintov in the title role. Madame Butterfly has Gwyneth Jones in the title role. Emmanuelle Wolf-Ferrari's rhapsody Die Vier. (20 181).

Stuttgart: Die Walküre. Die Zauberkraft ist ein August Everding production. It brings together Daphne Evangelatos, Marti Talvela and Franziska Arndt. Wagner's Der Ring des Nibelungen is a visit with Anna Tomowa-Sintov in the title role. Madame Butterfly has Gwyneth Jones in the title role. Emmanuelle Wolf-Ferrari's rhapsody Die Vier. (20 181).

Stuttgart: Die Walküre. Die Zauberkraft ist ein August Everding production. It brings together Daphne Evangelatos, Marti Talvela and Franziska Arndt. Wagner's Der Ring des Nibelungen is a visit with Anna Tomowa-Sintov in the title role. Madame Butterfly has Gwyneth Jones in the title role. Emmanuelle Wolf-Ferrari's rhapsody Die Vier. (20 181).

Stuttgart: Die Walküre. Die Zauberkraft ist ein August Everding production. It brings together Daphne Evangelatos, Marti Talvela and Franziska Arndt. Wagner's Der Ring des Nibelungen is a visit with Anna Tomowa-Sintov in the title role. Madame Butterfly has Gwyneth Jones in the title role. Emmanuelle Wolf-Ferrari's rhapsody Die Vier. (20 181).

Stuttgart: Die Walküre. Die Zauberkraft ist ein August Everding production. It brings together Daphne Evangelatos, Marti Talvela and Franziska Arndt. Wagner's Der Ring des Nibelungen is a visit with Anna Tomowa-Sintov in the title role. Madame Butterfly has Gwyneth Jones in the title role. Emmanuelle Wolf-Ferrari's rhapsody Die Vier. (20 181).

Stuttgart: Die Walküre. Die Zauberkraft ist ein August Everding production. It brings together Daphne Evangelatos, Marti Talvela and Franziska Arndt. Wagner's Der Ring des Nibelungen is a visit with Anna Tomowa-Sintov in the title role. Madame Butterfly has Gwyneth Jones in the title role. Emmanuelle Wolf-Ferrari's rhapsody Die Vier. (20 181).

Stuttgart: Die Walküre. Die Zauberkraft ist ein August Everding production. It brings together Daphne Evangelatos, Marti Talvela and Franziska Arndt. Wagner's Der Ring des Nibelungen is a visit with Anna Tomowa-Sintov in the title role. Madame Butterfly has Gwyneth Jones in the title role. Emmanuelle Wolf-Ferrari's rhapsody Die Vier. (20 181).

Stuttgart: Die Walküre. Die Zauberkraft ist ein August Everding production. It brings together Daphne Evangelatos, Marti Talvela and Franziska Arndt. Wagner's Der Ring des Nibelungen is a visit with Anna Tomowa-Sintov in the title role. Madame Butterfly has Gwyneth Jones in the title role. Emmanuelle Wolf-Ferrari's rhapsody Die Vier. (20 181).

Stuttgart: Die Walküre. Die Zauberkraft ist ein August Everding production. It brings together Daphne Evangelatos, Marti Talvela and Franziska Arndt. Wagner's Der Ring des Nibelungen is a visit with Anna Tomowa-Sintov in the title role. Madame Butterfly has Gwyneth Jones in the title role. Emmanuelle Wolf-Ferrari's rhapsody Die Vier. (20 181).

Stuttgart: Die Walküre. Die Zauberkraft ist ein August Everding production. It brings together Daphne Evangelatos, Marti Talvela and Franziska Arndt. Wagner's Der Ring des Nibelungen is a visit with Anna Tomowa-Sintov in the title role. Madame Butterfly has Gwyneth Jones in the title role. Emmanuelle Wolf-Ferrari's rhapsody Die Vier. (20 181).

Stuttgart: Die Walküre. Die Zauberkraft ist ein August Everding production. It brings together Daphne Evangelatos, Marti Talvela and Franziska Arndt. Wagner's Der Ring des Nibelungen is a visit with Anna Tomowa-Sintov in the title role. Madame Butterfly has Gwyneth Jones in the title role. Emmanuelle Wolf-Ferrari's rhapsody Die Vier. (20 181).

Stuttgart: Die Walküre. Die Zauberkraft ist ein August Everding production. It brings together Daphne Evangelatos, Marti Talvela and Franziska Arndt. Wagner's Der Ring des Nibelungen is a visit with Anna Tomowa-Sintov in the title role. Madame Butterfly has Gwyneth Jones in the title role. Emmanuelle Wolf-Ferrari's rhapsody Die Vier. (20 181).

Stuttgart: Die Walküre. Die Zauberkraft ist ein August Everding production. It brings together Daphne Evangelatos, Marti Talvela and Franziska Arndt. Wagner's Der Ring des Nibelungen is a visit with Anna Tomowa-Sintov in the title role. Madame Butterfly has Gwyneth Jones in the title role. Emmanuelle Wolf-Ferrari's rhapsody Die Vier. (20 181).

Stuttgart: Die Walküre. Die Zauberkraft ist ein August Everding production. It brings together Daphne Evangelatos, Marti Talvela and Franziska Arndt. Wagner's Der Ring des Nibelungen is a visit with Anna Tomowa-Sintov in the title role. Madame Butterfly has Gwyneth Jones in the title role. Emmanuelle Wolf-Ferrari's rhapsody Die Vier. (20 181).

Stuttgart: Die Walküre. Die Zauberkraft ist ein August Everding production. It brings together Daphne Evangelatos, Marti Talvela and Franziska Arndt. Wagner's Der Ring des Nibelungen is a visit with Anna Tomowa-Sintov in the title role. Madame Butterfly has Gwyneth Jones in the title role. Emmanuelle Wolf-Ferrari's rhapsody Die Vier. (20 181).

Stuttgart: Die Walküre. Die Zauberkraft ist ein August Everding production. It brings together Daphne Evangelatos, Marti Talvela and Franziska Arndt. Wagner's Der Ring des Nibelungen is a visit with Anna Tomowa-Sintov in the title role. Madame Butterfly has Gwyneth Jones in the title role. Emmanuelle Wolf-Ferrari's rhapsody Die Vier. (20 181).

Stuttgart: Die Walküre. Die Zauberkraft ist ein August Everding production. It brings together Daphne Evangelatos, Marti Talvela and Franziska Arndt. Wagner's Der Ring des Nibelungen is a visit with Anna Tomowa-Sintov in the title role. Madame Butterfly has Gwyneth Jones in the title role. Emmanuelle Wolf-Ferrari's rhapsody Die Vier. (20 181).

Stuttgart: Die Walküre. Die Zauberkraft ist ein August Everding production. It brings together Daphne Evangelatos, Marti Talvela and Franziska Arndt. Wagner's Der Ring des Nibelungen is a visit with Anna Tomowa-Sintov in the title role. Madame Butterfly has Gwyneth Jones in the title role. Emmanuelle Wolf-Ferrari's rhapsody Die Vier. (20 181).

Stuttgart: Die Walküre. Die Zauberkraft ist ein August Everding production. It brings together Daphne Evangelatos, Marti Talvela and Franziska Arndt. Wagner's Der Ring des Nibelungen is a visit with Anna Tomowa-Sintov in the title role. Madame Butterfly has Gwyneth Jones in the title role. Emmanuelle Wolf-Ferrari's rhapsody Die Vier. (20 181).

Stuttgart: Die Walküre. Die Zauberkraft ist ein August Everding production. It brings together Daphne Evangelatos, Marti Talvela and Franziska Arndt. Wagner's Der Ring des Nibelungen is a visit with Anna Tomowa-Sintov in the title role. Madame Butterfly has Gwyneth Jones in the title role. Emmanuelle Wolf-Ferrari's rhapsody Die Vier. (20 181).

Stuttgart: Die Walküre. Die Zauberkraft ist ein August Everding production. It brings together Daphne Evangelatos, Marti Talvela and Franziska Arndt. Wagner's Der Ring des Nibelungen is a visit with Anna Tomowa-Sintov in the title role. Madame Butterfly has Gwyneth Jones in the title role. Emmanuelle Wolf-Ferrari's rhapsody Die Vier. (20 181).

Stuttgart: Die Walküre. Die Zauberkraft ist ein August Everding production. It brings together Daphne Evangelatos, Marti Talvela and Franziska Arndt. Wagner's Der Ring des Nibelungen is a visit with Anna Tomowa-Sintov in the title role. Madame Butterfly has Gwyneth Jones in the title role. Emmanuelle Wolf-Ferrari's rhapsody Die Vier. (20 181).

Stuttgart: Die Walküre. Die Zauberkraft ist ein August Everding production. It brings together Daphne Evangelatos, Marti Talvela and Franziska Arndt. Wagner's Der Ring des Nibelungen is a visit with Anna Tomowa-Sintov in the title role. Madame Butterfly has Gwyneth Jones in the title role. Emmanuelle Wolf-Ferrari's rhapsody Die Vier. (20 181).

Stuttgart: Die Walküre. Die Zauberkraft ist ein August Everding production. It brings together Daphne Evangelatos, Marti Talvela and Franziska Arndt. Wagner's Der Ring des Nibelungen is a visit with Anna Tomowa-Sintov in the title role. Madame Butterfly has Gwyneth Jones in the title role. Emmanuelle Wolf-Ferrari's rhapsody Die Vier. (20 181).

Stuttgart: Die Walküre. Die Zauberkraft ist ein August Everding production. It brings together Daphne Evangelatos, Marti Talvela and Franziska Arndt. Wagner's Der Ring des Nibelungen is a visit with Anna Tomowa-Sintov in the title role. Madame Butterfly has Gwyneth Jones in the title role. Emmanuelle Wolf-Ferrari's rhapsody Die Vier. (20 181).

Stuttgart: Die Walküre. Die Zauberkraft ist ein August Everding production. It brings together Daphne Evangelatos, Marti Talvela and Franziska Arndt. Wagner's Der Ring des Nibelungen is a visit with Anna Tomowa-Sintov in the title role. Madame Butterfly has Gwyneth Jones in the title role. Emmanuelle Wolf-Ferrari's rhapsody Die Vier. (20 181).

Stuttgart: Die Walküre. Die Zauberkraft ist ein August Everding production. It brings together Daphne Evangelatos, Marti Talvela and Franziska Arndt. Wagner's Der Ring des Nibelungen is a visit with Anna Tomowa-Sintov in the title role. Madame Butterfly has Gwyneth Jones in the title role. Emmanuelle Wolf-Ferrari's rhapsody Die Vier. (20 181).

Stuttgart: Die Walküre. Die Zauberkraft ist ein August Everding production. It brings together Daphne Evangelatos, Marti Talvela and Franziska Arndt. Wagner's Der Ring des Nibelungen is a visit with Anna Tomowa-Sintov in the title role. Madame Butterfly has Gwyneth Jones in the title role. Emmanuelle Wolf-Ferrari's rhapsody Die Vier. (20 181).

Stuttgart: Die Walküre. Die Zauberkraft ist ein August Everding production. It brings together Daphne Evangelatos, Marti Talvela and Franziska Arndt. Wagner's Der Ring des Nibelungen is a visit with Anna Tomowa-Sintov in the title role. Madame Butterfly has Gwyneth Jones in the title role. Emmanuelle Wolf-Ferrari's rhapsody Die Vier. (20 181).



Fanny Ardant in "Finally Sunday": hotheaded heroine

## Cinema/Nigel Andrews

## Truffaut's tango for two

Finally, Sunday, directed by Francois Truffaut, London Film Festival

Francis Truffaut's *Finally, Sunday* is a brilliantly playful and perverse comedy thriller, unfolding as a tango between two characters who are as much in love as they are in conflict. One has been turned off the map of conventional emotional movie colour and discovered a world at once simpler, bolder and richer.

Jean-Louis Trintignant plays a squat, gnomish, palely volatile estate agent in a small town who, for that matter, shot her lover during a duck hunt the morning of the same day. For what Truffaut gives us, Gallies a novel by American crime writer Charles Williams, is an irresistible two-character tango: a combination of hotheaded heroine, whose sudden passions and brainwaves invariably register about six on the Richter Scale, and a mild, quiet hero who always seems spectacularly

less than the sum of the disasters he attracts. The secret of "him not" thriller is that though we require the characters to be believable when they're visible to us, when they disappear into the engulfing shadows we know that Anything Can Happen. So that, as if by stroboscopic ellipsis, we keep finding we're suddenly two jumps further forward, or intriguingly sideways, in the plot.

Finally, Sunday has marvelous Hitchcockian moments: an eerie-lit phone booth marooned in the middle of an empty square, a silhouetted fight between hero and suspected villain in a bedroom window, distantly watched by anxious heroine. And there are plumply sinister supporting performances from Philippe Laudenbach as Truffaut's uncanny lawyer and Jean-Pierre Kalfon as the duck-shot victim's brother.

But the film's triumph is in its speed and sleight-of-scene that keeps sliding toward surrealism. For a good half-hour of the movie, Miss Ardant, gallivanting off to Nice for the sleuthing season, doesn't even have time to change out of the principal boy costume she has donned to rehearse a Victor Hugo play (for an amateur production). When she slips off her Bogartian trenchcoat in her hotel room, she reveals 17th century tights and fluted tunic. And later, when she idly leans against a bookshelf in a lawyer's office, the wall revolves—in best loony thriller tradition—to reveal undreamt-of depths of darkling intrigue and backroom

In its wonderful circuitous dementia *Finally, Sunday* is head-on collision—or collusion—with John Ford's *Stagecoach*. It's also, after many soggy puddings from the erstwhile maestro of

Les 400 Coups and *La Nuit Americaine*. Finally Truffaut again.

The week's only other new commercial offering gives us a terrifying tale of the havoc wrought by Hollywood make-up experts on a large and pliant St Bernard dog. The pretext for this inhuman act is *Cujo*, directed by Lewis Teague from Stephen King's horror novel in which a rabid canine terrorises several random individuals and one particular family in an American small town.

The lovable animal who plays our anti-hero was clearly suited by Nature to friendly acts of Brandy-carrying on remote Alps. But the film's makers, never minding about that, have daubed his features in what seem to be alternating streaks of red ketchup and yellow ketchup, have matted and moistened his hair and have then thrown him time and again, crowling and frothing at the broken-down car in which—

what seems an eternity—Mum Dee Wallace and Sonny Danny Pintauro are trapped for the film's climax in an empty farm-cum-garage foreyard.

In these scenes the movie stops moving altogether, thereby tempting action under the Trades Description Act. Before that, the characters have been ardently and unskillfully set up for us. Miss Wallace is having an adulterous fling with town handyman Christopher Stone; Master Pintauro thinks he sees monsters in his toy cupboard; Cujo's owner, farmer-garagist Ed Lauter, is a surly misanthrope with a wheedling wife; and poor Cujo himself is a deranged, permanently ineligible for Crufts by being bitten by rabid bats during the credit titles.

Once the characters have been thus "developed" for us like poor photographs in an ill-

equipped dark-room, the film plops its two main victims down in their set-piece limbo locale and the astonishingly repetitive, long, suspenseless dog-attack begins.

Far better, if you seek mystery and suspense, to dive into the Queen Elizabeth Hall on Saturday for *Rope* and on Sunday for *The Man Who Knew Too Much* and *The Trouble With Harry*, two Hitchcock films resurrected by the London Film Festival.

Also unfurling at the LFF during the week is the witty and wondrous *An Englishman Abroad* (Monday), in which John Schlesinger directs Alan Bennett's truth-based script for TV about a starring Coral Browne, who once met Guy Burgess (Alan Bates) in Moscow and received from him lunch, epigrams and a request to measure him for a London suit.

Jack Gold's *Good and Bad at Games* (Monday) is based on a ghost of a brilliant idea by William Boyd (of *An Ice Cream War*) about the psychic time-bombs of a public school education. But the ghost flies in and out, never quite accepting our invitation to stay and become flesh.

But on Sunday evening Joseph L. Mankiewicz, resembling a large and animated ball of pastry, will wow all audiences with his witticisms and Hollywood memories in the feature-length filmed interview *All About Mankiewicz*. JLM wrote and directed *All About Eve* and *The Barefoot Contessa*, and directed the most recent, *Speechless*. No one has done more to give sparkling dialogue a good name in an industry usually more interested in sparkling

more interested in sparkling dialogue comes straight from the horse's mouth—so to speak

## The Rape of Lucretia/Coliseum

## Max Loppert

Britten's first chamber opera follows *The Turn of the Screw*, his third, in achieving unexpected and satisfying success in London's largest theatre. The rewards to be won from the new English National Opera production are above all musical—with the cast of eight brought forward upon the same elevated platform which served not long ago for *Ariadne on Naxos*, and with the cavernous Coliseum pit sealed off behind the orchestra, the vocal and instrumental lines are encouraged to expand and soar across the space.

Their manner of doing so, under Steuart Bedford's masterly direction from the keyboard, left at least one member of Tuesday's audience with the impression that, whatever may be the inherent problems of direction and moral messages in this opera, they are clothed in one of the most exquisitely beautiful of all Britten's scores, and one of the most dramatically shaped. In recent times *Lucretia*, in London, has been left to student performers, and has come in for some hard words on this page. Because the ENO cast combines youthful physique and mature artistry (Richard Van Allan's wonderfully understated Collatinus being, properly, its single senior member), one is reminded that at the core of the piece, beneath the sumptuous rappings of Christian morality and the painful poetry of Ronald Duncan's verse, there lies a powerfully affecting dramatic situation involving adult people and adult emotional conflict.

Extreme simplicity of outline is the keynote of Graham Vick's production in Russell Craig's single set: unlike in their recent, unhappy *Ariadne*, it is an intelligent kind of simplicity, being answered also in the tone of the action. A single, dominant gantry, supporting sections of screens, panels, moves back and forth on the

platform (not yet quietly enough, on Tuesday); Male and Female Chorus preside above, on its balconied walkway. The effect of silhouetted shape (economical lighting by Matthew Richardson) of restrained physical gesture, and then, in the rape scene, of suddenly ferocious and unflinching violence, seems to lend the opera a quality almost of Japanese theatre, of stylisation throughout the full compass of *Lucretia*'s music, is an artless, unaffected heroine; she commands little of Janet Baker's refinement of word-utterance, and is perhaps all the more moving and credible in her tragedy for the lack of it. (*Lucretia* too nobly mature tend to underline the work's now somewhat problematic view of femininity and domesticity.)

The three Roman women are most delicately contrasted; maid (Cathryn Pope), nurse (Anne-Marie Owens), and mistress join their voices in the tender way that is one of the special graces of the score. Only when the Female Chorus completes the quartet is the effect impaired, for, as in *Rienzi*, Kathryn Harries' large and potentially valuable soprano is constantly undermined by inadequate control; particularly in mid-range line and pitch are regularly blurred.

Mr Van Allan's Collatinus is



Russell Smythe and Jean Rigby

in similarly fruitful fashion complemented by the strong Junius of Robert Dean and the elegant, purely sung Tarquinus of Russell Smythe—in both latter cases, the suggestion of youthful instability and its gradual realization offer another large boost to credibility (though nothing, it seems, can be done to rescue the opera's most embarrassing moment, the nursery-rhyme repetitions

of "Junius is a cuckold"). The whole performance is crowned, and summed up, by the lyrical, direct singing of Anthony Rolfe Johnson's Male Chorus, as distinguished in its own way as Peter Pears' was in its. People who imagine they have worked out for themselves the last word on *Lucretia* should visit the Coliseum: some happy surprises are in store.

The Advertising Standards Authority. If an advertisement is wrong, we're here to put it right.

ASA Ltd, Brook House, Torrington Place, London WC1E 7HN.



## FINANCIAL TIMES

BRACKEN HOUSE, CANNON STREET, LONDON EC4A 3BY  
 Telegrams: Finantime, London PS4, Telex: 8954871  
 Telephone: 01-248 8000

Friday November 18 1983

# Sticking to his guns

FOR A CHANCELLOR who has acquired a reputation (not wholly undeserved) for taking risks, Mr Nigel Lawson succeeded in presenting yesterday's Autumn Statement with an uncharacteristic lack of brio.

Perhaps it could not have been otherwise, given that many of the beans had been noisily split in advance. We knew that the planning total for public expenditure in 1984-85 had been agreed at £126.4bn and that the contingency reserve at his peril; and sure enough, the reserve remains untouched at £3bn. While the public sector borrowing requirement for the current year is at the upper end of City estimates at £10bn, the £3bn overshoot against the forecast at the time of the budget hardly came as a surprise.

Rather more interesting was the forecast of a swing in the implied fiscal adjustment—the measure of how far taxes will have to be increased or reduced to comply with the PSBR guideline—of £1bn in the wrong direction. This gloomy prognosis, almost worthy of Mr Lawson's low-key predecessor Sir Geoffrey Howe, points to an increase in income tax of £500m next year on the conventional assumption of indexed tax rates, allowances and duties. But it is a moot point whether it should be taken very seriously.

## Harmless

The PSBR forecasts are notoriously subject to error. So far this year the overshoot appears to be due to a smaller shortfall in spending than allowed for at budget time and higher debt interest payments arising from a greater increase in central and local government borrowing than expected. But there is a natural tendency at this point in the year for chancellors to underestimate revenue, both as a weapon to keep spending departments in check and to give themselves elbow room for the budget next year.

This is, then, a relatively harmless budgetary statement which leaves the medium-term financial strategy as it was. The Chancellor is looking for growth

of around 8 per cent in money GDP next year and forecasting an increase in the retail price index to 5½ per cent in the first half of 1984, falling to 4½ per cent by the fourth quarter. This is accompanied by a somewhat optimistic forecast of a continuing 3 per cent real growth in output in 1983-84.

No doubt the critics will latch on to this—not least because it relies not only on a big improvement in fixed investment but also on much improved export performance too. Consumers' expenditure is forecast to move from a 3½ per cent increase in 1982-83 to 2½ per cent in the current year. Investment, meantime, is expected to pick up from a 2½ per cent rise to 4 per cent over the same period.

## Improvement

As Mr Lawson himself has not hesitated to point out, his critics have been wrong about the strength of the recovery to date. It would not come as a surprise if they are underestimating the strength of the underlying improvement in investment in a period of structural change in which the official statistics are doing a better job than the headline side of the equation than the growth side. The present strategy of talking up business confidence and talking down inflationary expectations when recovery is beginning to make a conspicuous mark on corporate profitability thus has much to commend it.

The interesting question is whether trade, in the present world climate, can make enough of a contribution to UK growth and how far the Chancellor will take risks with sterling to deliver it. To date Mr Lawson's measures have tended to improve with age: the public spending cuts in his July package look more prescient for example, in the light of the fact that the PSBR in the first seven months of this year. And an approach which lays more emphasis on the corporate sector's potential contribution to continuing recovery than the more conventional wisdom would allow is taking risks in an imaginative direction. It deserves a fair wind.

# Diplomacy in Central America

THE SITUATION in Central America is more explosive than ever. The three month-old American military manoeuvres in Honduras have entered a new phase with a fresh influx of troops bringing the total there to more than 50,000. For the first time, the joint exercises with the Honduran army have moved up to the border with Nicaragua, where an undeclared war is already being waged by U.S.-backed opponents of the Sandinista regime.

In Nicaragua an invasion psychosis has gripped the nation. The Sandinista leadership is preparing the population for what it believes to be an imminent invasion by the U.S. and its Central America allies.

Nicaragua's invasion fears cannot be discounted out of hand. Throughout the year, the U.S. has escalated pressure against the four-year-old Sandinista regime. On Nicaragua's border with Costa Rica and Honduras, the Reagan administration is backing rebel movements whose object is the overthrow of the Sandinista government.

The American President's justification for the near-seige of Nicaragua is straight forward. Nicaragua strategically straddles Central America, a home grown experiment in Marxism is being used by Cuba and the Soviet Union as a springboard to further the aims of international communism, destabilising America's own backyard. In particular, the Sandinistas are accused of backing the rebels opposing the right-wing government in El Salvador.

That one of the poorest countries in central and Latin America with a population of less than 3m should pose such a threat to U.S. interests might seem an irrational fear to many in Europe, but for the White House this fear exists and has to be considered.

Nor is it new since it has lain behind the policy of American intervention in the area whether in the Dominican Republic, the Bay of Pigs or more recently Grenada.

At first American policy

sought to isolate Nicaragua, cutting the export of weapons, and force the Sandinista leadership to accommodate U.S. interests in the area. Broadly these aims have been met in the past couple of months. The Reagan military manoeuvres have cut supply lines to the rebels in El Salvador. More importantly Nicaragua has put out several peace feelers, almost begging for an understanding with the U.S.

It has agreed, along with Cuba, to support the initiative of the Contadora group. This group, composed of Colombia, Mexico, Panama and Venezuela, is proposing that all foreign military advisers be withdrawn from the region as a preliminary to working on a series of treaties renouncing the use of force.

So far the U.S. has given only token support to the Contadora initiative and has brushed aside as insincere Nicaragua's offer of talks. The U.S. seems set to continue the downward of the Sandinistas.

Invasion of Nicaragua is a risky venture and would be on a different scale to Grenada. The Nicaraguans are no military match for the U.S. in conventional fighting but they have the capacity to fight a protracted guerrilla war which could prove costly in American lives, damaging to America's international image, unpopular with domestic opinion and risk plunging Central America into a more generalised conflict.

## Stability

Perhaps the hawkish mood in Washington is designed to move them to keep up the pressure on Nicaragua. Yet in the present climate it requires only a small incident to spark wider escalation.

This is an opportune moment for the Reagan Administration to give due consideration to a serious diplomatic effort to restore peace in Central America. This can be done by the U.S. on its own. However, it would be wiser to bind other regional powers into negotiating process which have an equal interest in the area's stability.

The framework already exists in the Contadora group. If the Contadora group is not fully backed now, especially in the wake of this week's endorsement at the annual meeting of the Organisation of American States, then the initiative will probably become a dead letter. This in turn will lessen the possibility of diplomacy and increase the prospect of more conflict.

ONE of the journalistic disadvantages of a Medium Term Financial Strategy (MTFS) is that announcements of Government economic policy seem dull and devoid of surprise.

The Public Sector Borrowing Requirement (PSBR) for 1983-84 is now estimated at £10bn, which is nearly £2bn higher than Sir Geoffrey Howe originally estimated last March; and of course the overshoot could shrink or grow as more information arrives.

His successor, Mr Nigel Lawson, is still provisionally planning to borrow £5bn in 1984-85. This will represent a drop from 3½ to 2½ per cent as a proportion of GDP. It is unlikely that the Chancellor will want to loosen fiscal policy if economic recovery continues as now predicted.

The Chancellor has been able to hold planned public expenditure at £126.4bn for 1984-85, which is to within a decimal point of that originally planned in the statement of the strategy a year ago. This has been done with little or no "cheating".

The contingency reserve has been maintained at £3bn in the face of many excuses which could have been given for cutting it. Special asset sales, which were originally planned to yield £1.5bn have been raised to £1.5bn, but this has been almost entirely due to the shift in the sale of the oil operations of British Gas from the end of this financial year to the beginning of next, which is hardly a major change in fiscal policy.

The one very small element of surprise was that, while Sir Geoffrey Howe envisaged room for an "implied fiscal adjustment" or tax cut of £1bn, Mr Lawson now envisages possible tax increases of the same magnitude. The amount involved—about 1p on the basic rate of income tax, although it is inconceivable that it would be raised this way—is hardly worth much excitement. It is much less than merely the likely error in



the forecast, but less than the estimated change that the Treasury normally makes between November and March. Nevertheless there is a slight puzzle about how it has occurred. As expenditure is expected to return to its planned path after the overshoots of last year and this year, and debt interest estimates have changed little, the Treasury must have become slightly more pessimistic on the revenue side despite the fact that economic recovery is proceeding faster than expected some while ago.

The main focus of attention now shifts to the statement, which still is misleadingly called the Budget, which Mr Lawson will present in March. This is not because of expenditure decisions, which we know already or will learn from the fuller statement in the Public Expenditure White Paper, or from tax changes, which we also know will be modest.

The interest of the March statement, despite the infinitely greater publicity, battered Budget Box and all the other ridiculous paraphernalia, will be in more esoteric matters.

First there will be a restatement of the monetary guidelines. The present intention is to replace the existing three targets by two: one for so-called "little Mo," that is overwhelmingly notes and coin with the addition of the banks' rather modest balances with the Bank of England. The other will be some broad measure of liquidity.

As interested readers will know, there is a way of presenting a Government strategy which would concentrate on objectives rather than mumbo jumbo, would be less dependent on extremely hazardous economic exercises and would leave much more short-term flexibility to the Treasury and Bank to interpret economic and financial conditions without being accused of "breaking the targets." But for the moment, mumbo jumbo still rules.

The 1984 Budget is also likely to roll forward the Medium Term Financial Strategy, which now ends in 1985-86, a further year. It might then be possible to see

mutated than they would have been if the Chancellor had made the same remark a year ago or even during the general election campaign earlier this year. The House is having to become accustomed to some relatively good news and, not unnaturally, Labour does not like it because it takes the heat off the Government. It is also bad news for the Alliance.

Barring accidents, there seems on the face of it no good reason why the better economic news should not continue. It is pointless to cavil at the possibility that inflation might rise to 5½ per cent before coming down again. There are no obvious strong upward pressures. Profits have been recovering since 1981, investment looks like turning up and unemployment may be levelling off. All that we know from the recent survey of the Confederation of British Industry, the Autumn Statement merely confirms it. There is also an interesting

trend in the savings ratio—down to nearly 8 per cent from above 14 per cent when inflation was much higher in 1980. That could be taken, certainly as a sign that confidence is returning and that expectations are stable at around 8 per cent.

Moreover, two facts ought by now to be clear to anyone with an open mind: one is that we know what the Government's economic policy is. The other is that there is every reason to believe that it will stick to it. The overriding priority is to control public expenditure within the ultimate aim of reducing taxation. That is what the whole exercise has been about. There was never any promise of cutting tax this time. The target is quite clearly later in the Government's life span.

And few Europeans can have been so showered with honours by Latin American countries—seven of them have decorated him with their Order of Merit or equivalent, and he is a honorary citizen of Valparaiso. The first task now, he says, is "to get used to the idea of not going to the office." But he has plans to finish a book of "random recollections." He wrote 50,000 words of the book some time back "but just couldn't find time to write the rest."

Not surprising that there should be some differences of opinion among the Government Ministers and businessmen at the FT conference on the Second Thatcher Government in London this week.

But on one thing there was unanimity: the need to get rid of that appalling word, "privatisation."

John Moore, Financial Secretary at the Treasury agreed that the word was unpleasant but said he had yet to hear an adequate alternative.

"Perhaps the Financial Times should run a competition to find an alternative," he said. "If anybody has the answer, it must be a reader of the FT."

There is the challenge—and the best solution will win a bottle of something equally tasteful.

Observer

## BRITAIN'S ECONOMIC PACKAGE

# The economics of 'no change'

By Samuel Brittan

the end of the fiscal squeeze. The PSBR for that year is put at 2 per cent of GDP. This is within a stone's throw of the 1½ to 2 per cent ratio which the Treasury estimates can be sustained in the long run with very low, if not literally zero, inflation. Thus there is some prospect that further efforts to hold public spending to its planned medium-term path will eventually lead to some tax cuts and not for ever be offset by reductions in the PSBR.

The PSBR is of course a very bad measure of the fiscal stance. Quite apart from more controversial aspects, it is swollen by the inclusion of asset sales, not merely of nationalised industries, but of council houses, which are ways of financing a deficit rather than reducing it. It is also swollen by the inclusion of nationalised industries investment.

But even when all the adjustments are made—as it is quite likely they will be—official policy thinkers do not believe that Mr Lawson's deliberately vague "stable prices" need involve anything like a literally balanced Budget.

The economic outlook is now of more interest than the fiscal one. The 3 per cent growth rate proclaimed by the Chancellor gains in plausibility from being an estimate of what has actually happened in 1983, as well as being a forecast for 1984. The gyrations of the Retail Prices Index are expected to take the inflation rate to a temporary peak of 5½ per cent next year before falling back to 4½ per cent towards the end of 1984. But the more meaningful measure, the GDP deflator, is expected to remain stable at around 3 per cent.

There is nothing inherently implausible about all this. The largest component of growth, will, as nearly always, be consumer spending; but investment is expected to rise slightly more and in percentage terms. The main point is that the famous 3½

PUBLIC SECTOR BORROWING			
	(£1bn)	1982-83	1983-84
General government expenditure		132	142
General government receipts		-12	-12
Implied fiscal adjustment*		-	-
General Government		120	130
Borrowing Requirement		10	10
Public Sector		9	9
Borrowing Requirement		8	8
as percentage of GDP		2.2	2.2
Money GDP at market prices		252	252
% increase		3.2	3.2

\* On the same assumption as in the 1983 MTFS about the PSBR as a proportion of GDP.

dissenting economists are wrong in supposing that output is incapable of growing without a Government stimulus, although the Chancellor is over-hasty in assuming that it necessarily will.

The main query is, as so often, on the overseas side. Export volume in 1984 is expected to rise by 4 per cent, only slightly less than the 5 per cent projected rise in imports. By comparison it rose by only 1 per cent in 1983 against a similar 5 per cent import growth.

The world economic recovery gives some very modest encouragement about overseas market prospects. Will British products be competitive enough to take full advantage? The chart taken from the Autumn Statement provides the evidence in both directions. Unit labour costs are nearly 40 percentage points down from their uncompetitive peak against the rest of the world reached in the winter 1980/81 after allowing for exchange rate movements. But they are still over 20 per cent above those prevailing in the early and middle 1970s.

It is just possible that a combination of North Sea oil and improved "non-price competitiveness" in quality and delivery will validate the present exchange rate, but it is

not certain or even probable. What matters is not one person's guess against another's, but the Chancellor's readiness to take the exchange rate as well as the monetary and fiscal gates into account in training interest rate policy. The required reassurances could, however, be given without any mention of a target for the exchange rate at all.

Total demand in the economy measured by Money GDP in market prices is expected to rise by about 8 per cent in the next financial year, roughly the same as in this one. Some 9 per cent is expected to be taken up by domestic inflation and 1 per cent should show up in higher output. Although some of us might like a somewhat higher objective, anything very much higher would not be in accordance with the Government's anti-inflationary priorities.

It would, however, be quite in accordance for the Chancellor to say that he cares about downward as well as upward deviation in the path of demand.

Inadequate international competitiveness then appears one of the reasons why GDP could underperform in both real and money terms. It is not the only reason, nor will this under-shooting necessarily occur.

next year's budget. The "implied fiscal adjustment"—the technical phrase for the room for manoeuvre—has simply moved from £1bn surplus to £1bn deficit, and could move again either way.

If the Chancellor were to need more money at budget time, the guess must be that he would look again at public expenditure, and possibly at increasing asset sales. We already know from statements by the Prime Minister and others that the priorities in cutting taxes are the remaining national insurance surcharge which would cost about £1.2bn to abolish altogether in the first year, and the raising of the thresholds at which people pay income tax.

One of the troubles with this way of conducting economic policy and providing the Autumn Statement as well as the budget is that there are hardly any surprises. It is also

the trouble with good news: there is nothing to grieve about. Yet one still wonders if the political implications of economic recovery have been fully appreciated. Public opinion polls on voting intentions have gone out of the headlines since the general election. But it is worth noting how well the Tory vote has held up.

The Gallup poll in the Daily Telegraph yesterday gave the Conservative Party 51 per cent and indeed the figure has hardly moved over the last few months. The one significant change is that Labour has gained over the Alliance since Mr Neil Kinnock became leader.

Of course, problems remain, not least unemployment. But the fact that the economy is getting better rather than getting worse.

Malcolm Rutherford

## Men & Matters

### Electric stocks

The completely-automated, entirely-electronic stocks swapping system already exists in the shape of the successful American Over-the-Counter market, called the National Association of Securities Dealers (NASD).

The first man outside America to be elected to its board of governors, Scotsman Alex Hammond-Chambers, aged 41, is convinced that what NASD is doing in the U.S. today the London stock exchange must be doing within the next few years if it intends to stay in business. "With NASD the Americans have created by far the most significant market in the world in terms of technology," he says. "The London stock market must go the same way, hopefully in under 10 years, if it is to avoid another organisation moving on to its pitch."

Hammond-Chambers is deputy chairman of Ivory and Sims, the Edinburgh international investment managers, who have £1bn of funds invested—slightly more than half of it in U.S. companies.

He has specialised in the U.S. investment market for more than 15 years and it has been largely upon his advice that more than \$500m of the total Ivory and Sims U.S. investment of \$1.5bn has gone into small and medium-size U.S. companies, whose shares are traded on the Over-the-Counter market.

A poll was conducted among NASD members to select the market's first overseas governor. Hammond-Chambers' name came up, he thinks, because of the frequency of his dealings in the stocks of member companies.

The governorship—officially he will be called a "governor-at-large"—will run for three years from next January. He sees it as an unrivalled opportunity to study the techniques

of stock market trading by electronic means; and how they can be usefully applied in Britain.

### Gas light

Relief all round in the Dublin High Court when the Irish Gas Board (IGB) disclosed that it does, after all, know the whereabouts of the Cork-Dublin gas pipeline.

There has been some doubt. The Dutch/Irish consortium, Irish Enco, which was main contractor on the pipeline, sought an injunction against subcontractors Gasunie Engineering and Kenny International, to prevent them dealing with, or disposing of, certain drawings of the pipeline.

According to evidence in court, without the drawings IGB could not locate the pipeline for maintenance or emergency repairs. Keen downers were already offering the service of their forked twigs.

But no, said the Gas Board, "we know exactly where it is." "In that case," responded Miss Justice Carroll, "we'll adjourn the whole thing for a week."

### Wealthy pursuit

It took Montreal journalists Scott Abbott and Chris Haney about 45 minutes to make themselves millionaires. That was the time it took them to invent a game called Trivial Pursuit one Saturday night after becoming bored with playing Scrabble.

Their board game, based on 6,000 teasing questions (sample: Who was the only woman competitor in the 1976 Olympics not asked to undertake a sex test? Answer: Princess Anne) has sold \$140m worth of sets in the U.S. and Canada in two years. Palitoy has now secured the contract to market Trivial Pursuit in the UK in time for Christmas; and in the rest of Europe next year. Abbott is in London for the



"My milkman is organising a race to take it back to France."

launch. He finds he works harder now he runs his own company, occupied so far in producing run-off versions of the game with specialist appeal, such as Silver Screen and Sports.

He has also had to devise a version in French. Quebec law says that you cannot produce a game just in English. There must be a bilingual, or a French version, as well.

### Bowes out

Sir Leslie Bowes is 90 today—and has decided the time has come to retire.

He will quit his full-time post as a director of Rea Brothers, the City accepting house, at the end of the year, and so bring to a close a career that has spanned 75 years. Starting work at the age of 15 in 1908, Sir Leslie joined the Royal Mail Steam Packet Company in 1911, and transferred later to its sister company Pacific Steam Navigation. He spent 37 years in Latin America before being recalled

in 1952 to become first managing director, and then chairman of the company. He was also chairman of Royal Mail Lines for five years before retiring in 1965 after a record 65 years with the group.

Sir Leslie then promptly joined Rea Bros for the second 17-year stage of his career. There are few, if any, organisations associated with the shipping industry on which he has not served at one time or another.

And few Europeans can have been so showered with honours by Latin American countries—seven of them have decorated him with their Order of Merit or equivalent, and he is a honorary citizen of Valparaiso. The first task now, he says, is "to get used to the idea of not going to the office." But he has plans to finish a book of "random recollections." He wrote 50,000 words of the book some time back "but just couldn't find time to write the rest."

Not surprising that there should be some differences of opinion among the Government Ministers and businessmen at the FT conference on the Second Thatcher Government in London this week.

But on one thing there was unanimity: the need to get rid of that appalling word, "privatisation."

John Moore, Financial Secretary at the Treasury agreed that the word was unpleasant but said he had yet to hear an adequate alternative.

"Perhaps the Financial Times should run a competition to find an alternative," he said. "If anybody has the answer, it must be a reader of the FT."

There is the challenge—and the best solution will win a bottle of something equally tasteful.

Observer

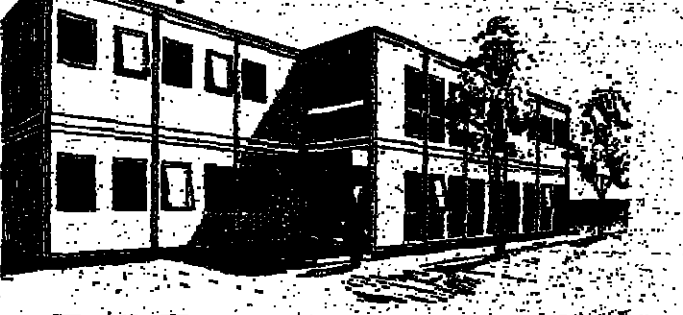
**"Buildings that cost less to heat...cost more to build"**  
 Not any more...

You might expect to pay more for a building which promises savings of 30% on energy costs...but for a YORKON building you won't. In fact, in most cases, you would pay less.

And if you expect that a building which needs no maintenance for up to 20 years or more will involve higher initial costs of construction...then YORKON building will surprise you.

This is a high quality, steel-frame system that overruns a number of old ideas about building. Developed from the advanced technology of factory-based building processes, YORKON eliminates the delays and quality control problems of conventional on-site construction. It shrinks building time to a matter of weeks, makes planning easier, and gets quicker returns on your investment. It's the fastest, most efficient way to build.

For your information pack, call (0904) 22277 and ask for Mark Feldon. Or write to YORKON Building Division, (31), Portakabin Limited, York YO3 9PT.



**YORKON**  
 It's changing people's ideas about building  
 YORKON is a registered trade mark



## U.S. STOCK INDEX FUTURES

## The market that soared away

By Paul Taylor in New York

ON THE paper - strewn floor of Chicago's Mercantile Exchange the clock reads 3.14 pm. About 200 traders are crowded into an octagonal "pit" in the middle of the exchange. In 30 seconds the first of four gongs will sound - and the traders, in their multi-coloured coats are waiting.

In that final 30 seconds the pushing, shoving, shouting and gesticulating reaches a crescendo. All this excitement is being generated by the hottest new commodity in the U.S. - a view on the future fortunes of the stock market.

Less than two years after their introduction, new stock index contracts are already outpacing many of the traditional investment plays. "They are a natural," says Mr Robert C. Crank, Vice-Chairman of the Chicago Board of Options Exchange (CBOE).

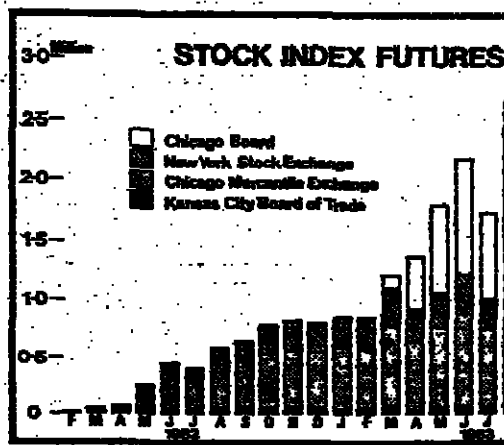
Beginning in Kansas City in February of last year, stock index futures have spread across the U.S. and now a whole new family of related products, including stock index options and a second generation of contracts on sub-indices such as computer, computer stocks, and energy.

In recent months, the "share equivalent" volume of stock index futures traded in Chicago, Kansas City and New York has regularly exceeded volume on the New York Stock Exchange's big board.

"They are the fastest-growing product we have ever had," says Mr Henry McMahon, a vice-president in the index and option market of the Chicago Mercantile Exchange (CME). He predicts that, by the end of the year, daily volume on the Exchange's highly successful S and P 500 futures contract - which already represents one-third of the Exchange's volume - will top the record 67,400 contracts daily record set for the live cattle contract in 1979.

But it has not all been smooth sailing. The central controversy surrounding the new stock index instruments is the contention that they represent nothing more than a highly geared form of gambling.

Theoretically, a stock index futures contract represents the obligation to buy or sell a "portfolio" comprising all the stocks in an index at an agreed price on an agreed date. In practice, however, the contracts



## HOW THE NEW CONTRACTS WORK

STOCK index products come in three basic forms:

1. **Stock index futures:** an agreement to buy or sell a hypothetical portfolio of all the stocks making up an index at an agreed price on or before a certain date. In practice settlement is strictly in cash.

Most contracts are worth \$500 times the value of a specific index. In the case of the S and P 500 contract, which is traded on the Chicago Mercantile Exchange, a contract is currently worth about \$22,500.

Apart from a commission fee of about \$60 per contract, a "good faith" deposit, or "margin payment," is required. Typically this is between 5 and 10 per cent of the contract's value and is

often made in the form of U.S. Treasury bills.

Typically the buyer of a futures contract believes the index will rise and is seeking to benefit from that movement, while a seller is counting on a fall. Dramatic changes on the stock index can produce big profits or losses very quickly. Theoretically the risks are unlimited.

Contracts can be sold to other parties before expiring and frequently are.

2. **Stock index options:** like futures contracts, these are linked to the value of a specific index and are settled in cash.

An options contract however, is the right, but not the obligation, to buy or sell an index at a stated price (the strike price) by a certain date. "Calls" give the buyer the

right to buy an index, "puts" give the buyer the right to sell an index.

The value of an options contract is generally less than a futures contract because the contract multiplier is smaller. For example, the Chicago Board of Options Exchange S and P 100 stock index option is \$100 times the index, or currently about \$16,500. In addition, the margin requirement is generally less, typically two or three per cent of the contract's value.

These two factors, together with limited risk for the option buyer, make options contracts particularly attractive to individual investors while the higher contract value of the futures contracts allows a market participant to buy fewer futures contracts to hedge a portfolio of a

given size - thus saving on administration fees and commission.

3. **Options on stock index futures:** these are the real hybrids and were introduced on the NYFE and the Chicago Mercantile Exchange in January - before pure stock index options but after stock index futures.

Like options contracts, options on stock index futures give the buyer the right but not the obligation to buy or sell at a specific price during a specified period of time. But in the case of options on stock index futures it is the right to buy or sell a stock index futures contract.

This gives a lot of equity for a low down-payment and minimum risk, but the instruments have yet to prove popular.

public - generally wealthy individuals with a sizeable personal stock portfolio. Some of their interest will be to do with hedging but much of the time they will simply be following market hunches.

Finally, the big financial institutions account for perhaps 10 per cent of volume in the stock index futures markets and rather less than that in stock index options.

According to Institutional Investor magazine, as many as 25 large corporate pension funds and half a dozen endowment funds are now actively involved with stock index

public - generally wealthy individuals with a sizeable personal stock portfolio. Some of their interest will be to do with hedging but much of the time they will simply be following market hunches.

Finally, the big financial institutions account for perhaps 10 per cent of volume in the stock index futures markets and rather less than that in stock index options.

According to Institutional Investor magazine, as many as 25 large corporate pension funds and half a dozen endowment funds are now actively involved with stock index

Lombard  
What McMahon didn't say

BY NICHOLAS COLCHESTER

I HAD ALMOST given up on the idea of sterling joining the European Monetary System. I had seen the deadening effect that the word "EMS" had upon the party conversation. I had become unresponsive to the British Government's hollow assertions that the "time is not yet right" to make sterling a member. Really, there were easier ways of labelling oneself a Euro-bore than by mastering the party trivia and the divergence indicators.

Then, this week, a book of essays on the theme Investing in Europe's Future arrived from the European Investment Bank. Dr Alexandre Lamfalussy of the Bank of International Settlements wrote that "the perverse effects of exchange rates which diverge significantly and persistently from purchasing power parity show the dangers inherent in the unbridled, erratic floating of currencies." He said their effect on European investment "could be alleviated through greater stability in intra-European exchange rates" and that "the survival and smooth functioning of the EMS are therefore of immense importance for capital formation within the community."

Dr Lamfalussy admitted that the EMS was in danger of degenerating into a "sliding parity system" but he claimed nonetheless that the frequent changes in EMS exchange rates had generally offset differences in inflation. "There has been none of the distortions of real rates referred to earlier. It is a limited success but a success all the same."

In another, more passionate, essay, M. Michel Albert, the former French planning director, wrote: "Arriving in London for the summit in 1981, Chancellor Schmidt declared: 'I have not come here to discuss eggs, butter or milk.' Nevertheless, he did so since these, together with fisheries and steel, are the preferred subjects of these inhibitors of our old nations' past when they meet, like a bourgeois family whose heritage is in danger. With the exception of the EMS there has been no important concrete initiative or creative impulse in the EEC for over ten years."

On Wednesday, Mr Kit McMahon, the deputy Governor

of the Bank of England, delivered a speech on the "Role of the Exchange Rate." It was the clearest explanation of experience under floating exchange rates, their causes and effects, delivered by a Bank official this decade.

He explained how exchange rate volatility impedes economic adjustment, deters investment and encourages protectionism. He explained how the market is dominated by fashionable capital flows - to such an extent that the convergence of inflation rates may not be enough to restore stability, that intervention may not suffice, and that only monetary and fiscal policy has the clout to cope with exchange rate pressures. And then he mentioned the EMS, with many a justified pause, as an example of government taking a lead in influencing the foreign exchange market and preserving roughly competitive exchange rates.

After nine pages of sustained bashing the McMahon speech ended with something of a whimper. The British Government does take some account of the sterling exchange rate, he said - in one of those paragraphs which one has to read three times and which has the feel of a much amended draft. Perhaps the deputy Governor had wanted to say more. Perhaps he had already said more than he ought.

Nevertheless, the effect was to bring my desire to see sterling part of the EMS surging back. The oil price, whose swings are the most telling reason why sterling should remain aloof, is now in a state of seamy equilibrium.

Sterling is currently somewhat overvalued against European currencies, but this is consistent with the Government's continuing drive against inflation and towards industrial efficiency. A weak exchange rate never got British industry anywhere. If the Government committed sterling to the EMS it would not be locking the rate for all time. It would be joining a sliding parity system involving governments remarkably united in their desire to contain inflation and "devalue" Europe, as far as is practicable, from interest rates across the Atlantic.

## Letters to the Editor

## Growths in the electronics industry

From the Chairman, Mackintosh International.

Sir, - You reported (November 14) the view of Cambridge Econometrics that (your headline) "Growth in the electronics industry (is) slow down" (in the UK or elsewhere in Europe). The article goes on to quote "little growth in the mid-1980s" but 1.9 per cent a year growth closer to 1990. Whenever figures are quoted in your article, it is not always clear whether it is the market or production which is being discussed.

UK market growth over the next ten years, will be, on a worst-case scenario and in real terms, at least 6 per cent per annum. In any event, it is a bit of catching up with the U.S. (where current per capita expenditure on electronics generally is almost twice that in

the UK) will result in real market growth being about 8 per cent.

Unless financial and political initiatives are taken which are far larger than anything attempted to date (in the UK or elsewhere in Europe), electronics production in the UK will lag market growth, leading to ever-increasing trade deficits in this sector. But even in such a worst-case situation, UK production will increase at a minimum rate of 5 per cent per annum in real terms.

In my view, it is indicative of Britain's general lack of comprehension of electronics and "information" technology that a forecast such as that by Cambridge Econometrics can possess any credibility whatsoever. Those of us who really understand what is going on in

the field of electronics (for example, the accelerating pace of technological change, the huge scope for potential new uses, new products and new markets), know that the prospects for future growth are almost limitless.

This is not a stagnant industry, but one whose worldwide production output will exceed \$500bn by the early 1990s. Indeed, it will undoubtedly be the first manufacturing sector to exceed 1 trillion (million million) of output worldwide. If the UK is ever to achieve a reasonable share of this vast business, it is essential that we gear ourselves for growth, not stagnation.

(Dr) Ian Mackintosh, Mackintosh House, Napier Road, Leam, Beds.

## Misunderstanding pensions

From the Personnel Manager, Otis Elevator

Sir, - Once again, far from companies misunderstanding pensions, it is the pensions industry which fails to appreciate what their customers actually want (November 7).

The point of my letter was not that the advantages of both money purchase and salary schemes can simultaneously be made available but that the whole funding process is attempted on the cheap. This leaves industry with the wrong problem, which the pensions industry has wholly failed to address, with consequent severe restraints on mobility.

Moreover, even where the new employer is prepared to fund the heavy cost of providing a good pension for, say a senior executive, the pension restrictions prevent this happening in occupational schemes for less than 10 years' service.

My solution, I believe, is a simple one: it protects the interests of leavers (which can only happen when enforced consistently) while at the same time leaving industry free to make its own arrangements with as few constraints as practicable. Inflation proofing, money purchase and "buy-out" insured contracts just do not provide solutions which address the basic cause of the problem.

P. J. Danielschevsky, The Otis Building, 43-59, Clapham Road, SW9.

## Capital gains tax

From Mr A. Keay

Sir, - I entirely agree with Mr S. W. Penwill's letter (November 12).

There must be many private investors who are "locked in" with investments acquired on or before April 5, 1968, and who hesitate to submit themselves to what is, in effect, a voluntary payment of a capital levy.

One reads in today's Press of the continuing decline of the private investor which, in view of the complexities and inequity of the so-called capital gains tax, is hardly surprising.

Could not the Chancellor at least bring the base date forward from April 5, 1965?

A. D. J. Keay, 53, Cadogan Street, SW3

## New unacceptable face of capitalism

From Mr Donald Cobbett

Sir, - It is very clear from advertising now proliferating in the financial columns that apart from a minority of really big individuals - marshalling, say, over £100,000 - Stock Exchange member-stockbrokers are concerned only to manage "packaged" investments for the small man.

Unless, in the future, the modest investor is prepared virtually to hand across a sum of £25-£50,000, relying on the proclaimed "heaven knows what?" "expertise" for deployment in an omnibus form with the assembled funds of other individuals, that person will find it difficult to deal at all in any respectable quarter.

He will probably be required to buy a form of deposit receipt, part of bulk orders in selected shares, and will not be directly represented on the company's register. A valid trust, then, than I would care to repose.

The old type of client, accustomed to being treated with courtesy and solicitude by Old George, who always dealt for "the family" will be thrown out of the window under this new acceptable face of capitalism.

Donald Cobbett, Velmead Cottage, Fleet, Hants.

## The games people play

From the Chairman, John Waddington

Sir, - I did not see your piece about Monopoly in Men and Matters on October 20 but I did see the letter from Mr Henry Law on October 28.

It is true that there was the Landlords' Game before Monopoly just as there were other games about property, probably all copied from the original invention. Monopoly, however, includes the essential feature of having to collect a set of properties before building houses on them. This is what Charles Darrow invented and this is what makes Monopoly the great game that it is. It may seem a very simple invention now and it may seem to be rather an obvious improvement but nobody thought of it until Charles Darrow did and frankly, without that feature, the game is tame.

We should accord Charles Darrow the honour that he deserves and I am sorry that Mr Law has got it wrong.

Victor H. Watson, Wakefield Road, Leeds.

## Sharing out at British Airways

From the Chief Executive, British Airways

Sir, - Mr Martin O'Regan - "Sharing out at British Airways" (November 7) states that the figure of over 200 staff at British Airways for each of our aircraft and observes that this is greater than numbers among our private competitors.

Certain of the leading European carriers, it so happens, have significantly more employees per aircraft than British Airways, and yet, are generally considered to be well run airlines.

The comparison is near to meaningless for the following reasons: the very much greater length of our worldwide routes with their intermediate stops, compared with the UK domestic operators and the size of the aircraft used by the airline. We are the only airline having to operate from two terminals at its base airport. The private operators perform 80 per cent of charter flights into Europe from Britain and charter operators require many fewer staff than scheduled services. We maintain our own engineering bases, for many airlines at UK airports and in New York. We earn substantial sums in providing computer services to numbers of other carriers.

O'Regan is even further off target when he suggests that our profit-sharing scheme is only to operate "after all tax-payers money has been repaid."

Profit-sharing schemes are an integral part of motivating the contemporary workforce. It would be most unusual, if not unique, that shareholders

should be repaid their investment before a profit-sharing scheme is introduced. It is of course our intention that the British Airways profit-sharing scheme will apply to all our staff. We regard every one of our staff as having an effect upon performance and results.

Mr O'Regan is under the illusion that the public pay taxes to sustain British Airways. After making profits of £77m last year, the airline's profit for the half-year to September 30, 1983, with all interest paid, show a profit of £162m.

Colin M. Marshall, PO Box 10, Heathrow Airport (London), Hounslow, Middlesex.

## A small company allowance

From Mrs A. Babouline

Sir, - Government aid to companies tends to involve them either in moving premises (e.g. enterprise zones) or in borrowing money (e.g. guaranteed loans). Both are genuinely useful for some companies, but do little or nothing for the majority, who would lose business or skilled staff by moving and who are concerned to keep costs down so that they can operate within budget in a very uncertain economic climate.

It is arguable that loan guarantees schemes help the banks rather than the small businesses they were designed to foster. Servicing large loans defeats budgeting and the high level of liquidation and bankruptcies among customers can affect profitability suddenly and dramatically. The knock-on effect adds to unemployment figures and in-

creases reluctance to take people on a profit-sharing scheme.

All individuals, whatever their income, have a "personal allowance" on which no tax is due, and other allowances are added. Companies (legally "persons") have different rules but there is no element of allowance on profits before tax is levied: tax of 38-53 per cent is due from the first £1 of profit.

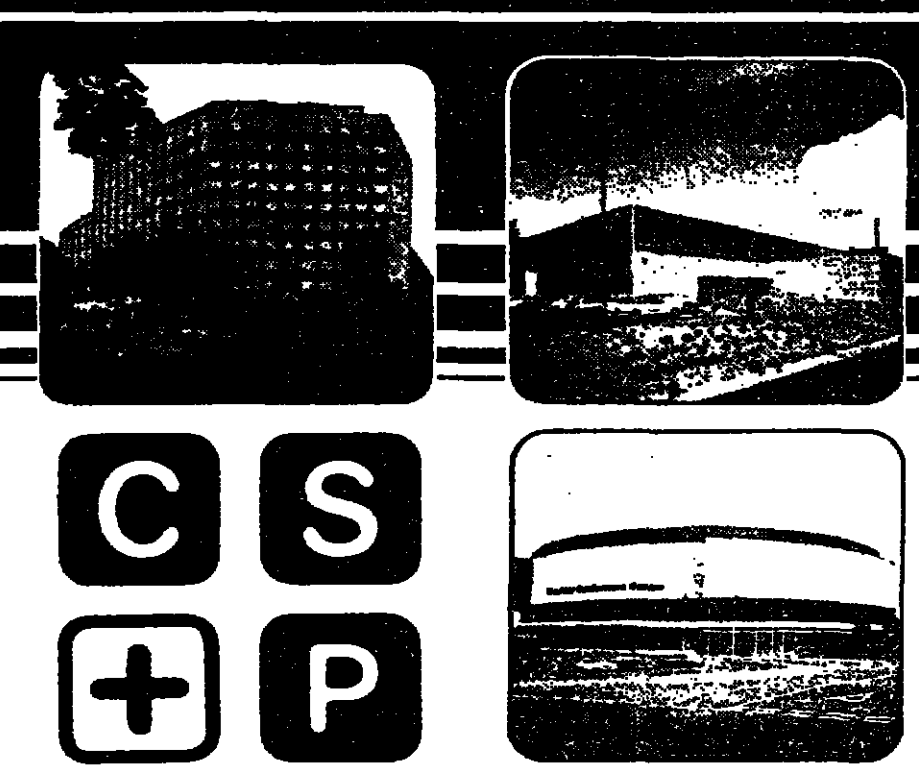
If limited companies had a "company allowance" similar to an individual's "personal allowance," there would be considerable economic advantages. Corporation tax would be levied after a straight allowance of (say) the first £5,000 of trading profit for every company, whatever its size. (This would ease work for tax inspectors and the existing rules on associated companies would prevent companies being set up to launder money.)

The money so allowed would have to be invested and income from it would attract Case III tax in the normal way. It would be available to buy machinery, etc., as well as providing a shield against future misfortune. As soon as the money were to be used in any way, apart from specifically tax-deductible items, it would attract tax.

The "company allowance" would be dependent upon annual returns being properly filed. This would discourage rogue companies and give incentive to some people to leave the black economy and pass transactions through the books. Sole traders and partnerships might also prefer to incorporate, and the discipline of PAYE and annual accounts would prevent many bankruptcies.

(Mrs) Audrey Babouline, 10, Richmond Avenue, SW30.

## Project cost control and co-ordination??



'Project cost control and co-ordination' or put another way 'Sterling advice' from professional consultants with the right knowledge and experience.

An innovative and commercial approach to the appraisal, viability, implementation, co-ordination, even taxation - all essential to the success of any construction project.

For further details contact GEOFFREY BROWNE or RON CLARKE.



**Cyril Sweett & Partners**  
Construction Cost Consultants

37-41 Bedford Row London WC1R 4LF  
Telephone 01-242 9777 Telex 2:894 SWEETT G

Offices also in: BASINGSTOKE - BIRMINGHAM - BRIGHTON - SCOTLAND - FRANCE - KUWAIT - AUSTRALIA



Vent-Axia

The first name in unit ventilation...look for the name on the product.

# FINANCIAL TIMES

Friday November 18 1983

**BELL'S**  
SCOTCH WHISKY  
**BELL'S**

TRADING IN AT&amp;T BREAK-UP STOCKS STARTS ON MONDAY

## Picking Ma Bell's winners

BY TERRY DODSWORTH AND PAUL TAYLOR IN NEW YORK

ON MONDAY morning, Wall Street will have its first chance to put its money where its mouth is and choose the winners and losers in the American Telephone and Telegraph break-up game.

By then, they may have had the time to chew over a tightly written 287-page information statement and prospectus issued by AT&T and backed up by 58 separate documents totalling 13,000 pages filed with the Securities and Exchange Commission.

The immediate off-the-cuff reaction to the package of financial estimates and projections for the dismembered AT&T was that there were no startling surprises.

After months of working on the figures, Wall Street's own estimates of the balance-sheet structure and earnings of the eight new companies to emerge from the break-up on January 1 were pretty close to the companies' own forecasts.

Reflecting that, AT&T's share price closed only 5 1/2 up at \$63 1/4 on the day of the announcement.

The documents set out in excruciating detail how the assets of the world's largest telecommunications group will be split between a new AT&T and seven new regional holding companies.

Despite all the detail, one key area of uncertainty remains. None of the earnings projections makes much sense until the companies have a definite structure on a new pricing structure. Yet that is precisely what AT&T cannot tell shareholders at present.

The companies have done their sums on the basis that new flat-rate monthly fixed charges - the so-called access charges - will be in force from April 3. If they are not in place by then, Mr. Robert Allen, AT&T's chief financial officer says, "The 1984 earnings forecasts in the information statement would not hold."

Mr. Allen, however, refused to speculate about the impact of a further delay in the introduction of the new charges.

The access charges are designed to help replace the historical subsidy of local telephone services by interstate, long-distance toll traffic while allowing AT&T to reduce long-distance charges and thereby complete more effectively with other carriers.

That plan, however, has run into fierce opposition from congressmen, who see no votes in higher local telephone charges in a presidential election year.

Pressure from Capitol Hill has already forced the Federal Communications Commission to delay the introduction of the new charges for three months and might conceivably delay the whole plan. AT&T says it is relying on the FCC not to allow that to happen and has based its estimates on an interim agreement with the local telephone companies to cover only the first three months.

Nevertheless, Wall Street will have to evaluate the different pieces in the AT&T jigsaw puzzle on the basis of the figures in the prospectus when it begins trading the new companies' shares on Monday.

POST AT&T BREAK-UP - ESTIMATED 1984 NET FIGURES (\$)						
	Revenue (bn)	Income (m)	Earnings per share	First quarter div	Assets at June 30 1983	Debt ratio Jan 1 1984 (%)
AT&T (new)	56.54	2,110	2.02	0.30	34.27	40
Ameritech	8.34	923.7	9.47	1.50	16.25	43.8
Bell Atlantic	8.32	922.2	9.46	1.50	16.25	43.8
Bellsouth	8.79	1,198	12.21	1.95	20.50	43.1
Nynex	9.82	937.6	9.54	1.50	17.28	45.1
Pacific Telesis	8.88	827.7	8.00	1.35	16.19	44.5
Southern Bell	7.75	865.9	8.83	1.40	15.50	44.6
U.S. West	7.43	877.5	8.96	1.35	15.05	43.3

Source: AT&amp;T

have to evaluate the different pieces in the AT&T jigsaw puzzle on the basis of the figures in the prospectus when it begins trading the new companies' shares on Monday.

Dealing for the time being will be on a "when issued" basis ahead of the share distribution early next year. At that stage, AT&T's existing 3.2m shareholders will receive one share in each of the new regional holding companies and one share in a new slimmed-down AT&T for each 10 shares they currently hold.

The main financial details that Wall Street's army of AT&T analysts will be pushing through their computer models to determine whether the parts are worth more than whole are:

● **Dividends** - AT&T says it expects the first-quarter dividends of

the eight new companies to amount to the equivalent of \$1.35 a share before disbursement compared with the current rate of \$1.35 a share. Analysts had been expecting a payout ratio to earnings of around 60 per cent and that seems to have been accepted by the companies as an acceptable target.

Even the new AT&T, which some analysts had been expecting to be more conservative in its payout policy, is projecting a ratio of 59.4 per cent based on its estimated first-quarter dividend of 30 cents.

● **Earnings** - despite the determined effort to create groups of similar weighting, earnings per share projections for the regionals show variations from a low of \$8 a share for Pacific Telesis to a high of \$12.21 a share at Bellsouth. AT&T's own earnings per share are forecast

at \$2.02 next year, and total earnings for the eight companies amount to \$8.70 a share on a pre-disbursement equivalent basis, roughly on a par with previous earnings.

Nevertheless, in spite of wide differences in earnings per share and in post-disbursement assets, AT&T has clearly aimed at creating companies that should make very similar net returns on assets.

● **Balance sheets** - as expected, AT&T has lived up to its promises of generosity to its new offspring and launched them into the world with strong balance sheets.

After assuming \$2.8bn in debt from the regionals, they will be spun off with debt as a percentage of total capital of between 43.1 per cent at Bellsouth and 48.5 per cent at Pacific Telesis.

When shadow trading begins on Monday, Wall Street is broadly expecting share prices of around nine times projected earnings - roughly in line with current valuations for utilities.

Wall Street will be eager over the next year to see whether the regional companies can live up to these ratings. The earnings projections have been based on regional managements' own estimates, and they have clearly tried to show themselves in the best light possible in order to attract investors.

The challenge facing them now will be to meet the targets they have set themselves without the protective umbrella of Ma Bell.

THE LEX COLUMN

## Chancellor sticks to his formula

Predictable though it may have been, the figure in the British Chancellor's statement which set the imagination of the City of London yesterday was the public sector borrowing requirement (PSBR) overshoot for the current year to about £10bn. This confirmed that the fiscal environment has been a good deal more lax than the medium-term financial strategy ordained. And the rest of the statement took shape around the need to reassert financial control next year. So whereas in 1983-84 the PSBR and asset sale total is set to top £11bn, with a PSBR target of £8bn next year the overall funding figure falls to less than £10bn.

Admittedly, the £10bn figure for asset sales next year raises as many questions as it answers. Since £400m has been earmarked for Enterprise Oil, the residue seems to reflect an unduly pessimistic view of the market's appetite for British Telecom (BT), due for flotation in the autumn. More likely it points to the likelihood that BT will have to be sold in tranches.

The market remained cynical, however, about the Chancellor's inflation projection - down to 4 1/2 per cent by the end of next year, and it was more puzzled than anything else by the warning of the possible need for tax increases.

Given the projection of 3 per cent gross domestic product growth, on conventional assumptions tax revenues should be buoyant and social security obligations should lighten. The Chancellor's counter-view seems to pivot upon the momentum of productivity growth being maintained, with little reduction in the numbers unemployed to give elbow room to aggressive wage bargainers. Indeed, if companies are able to keep wages increases under control, they still have plenty of tax losses to shelter sharply higher profits from the Chancellor's revenue account. But with earnings now edging up, the markets will need some convincing that the current cycle is going to make such a clean break with economic tradition. Perhaps a simpler interpretation of the tax warning is that the Chancellor is determined to keep his spending colleagues in Cabinet firmly screwed down.

**Philips**  
Yesterday's 7 per cent fall in Philips share price must have sent a shiver down the spine of any U.S. investor who has built up an adventurous portfolio of European stocks over 1983.

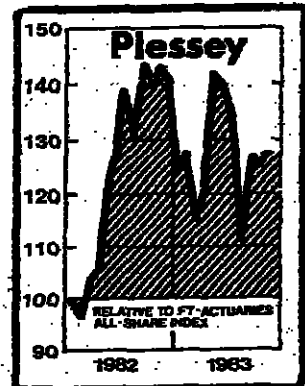
The shares closed down 7 1/2p on the London market at 98 1/2p, and have surrendered more than half the gains made earlier this year - no little help from U.S. buyers. The root cause of the trouble is acute uncertainty over how Philips intends to extricate itself from the marketing debacle which has befallen its V-2000 video system. The group's third quarter figures have provided further evidence of the V-2000's continuing impact on profitability.

Net profits of £110m against £180m in the year earlier period fell short of most expectations by £135.40m. Worse, trading profits of £164m on sales of £11.21bn represented only a small jump in the profit margin from 4.9 per cent to 5.7 per cent, not much reward for three years' hard labour in the slimming camp.

More progress has in fact been made than this suggests, most notably in industrial supplies. It is being overshadowed, however, by the crisis in the audio and video division which may end the year scarcely in profits at all, implying losses of perhaps £135m for the V-2000.

But the video system accounts for about 8 per cent of total sales and Philips has defied speculation that it would set aside the £1bn-plus figure needed to write them off, presumably in the hope that Christmas sales will ease the pain. In the meantime, brokers Pearson, Henderson & Pearson have reduced their net profits forecast to £125m and the shares are now yielding 4.5 per cent.

**Plessey**  
Dead on course for the first half, with profits up 21 per cent to



Plessey

£80.90m for the six months to September. Plessey looks well on the way to 20 per cent growth for the year. Yet the shares fell back yesterday to 21 1/2p, suggesting that the market is taking a somewhat cautious view of the U.K. group's ability to steer its way through the international telecommunications maze in future.

The doubts should not be overdone on this score, although Plessey's ambitious expansion plans in the U.S. are bound to absorb a lot of management time and talent, particularly if Stromberg now, also behind target. But there is still a strong management team in the telecommunications business, and commitment to System X will sharpen their strategy for some time to come.

Meantime, Plessey has been stepping up its development and marketing expenditure, pointing towards renewed momentum after a period when allowing for the losses of Stromberg - telecom profits have not been moving very fast. It is fortunate that defence electronics has been scoring exceptionally well this year - with profits 55 per cent ahead so far, keeping Plessey firmly in the upper tier of the electronics sector.

**Kwik Save**  
The Kwik Save formula shows no sign of faltering. With the competition easing off in the second six months, to August, trading margins rose to a record level, helping to push up pre-tax profits for the year by 18 per cent to £27.4m. Price inflation in the company's shops has tumbled out at about 3 1/2 per cent in the six-month period, with volume in new stores rising by 7 per cent, and in existing locations by about 9 per cent.

The company's growth at present depends on the rate of physical expansion, with shares reaching optimum sales within two years of opening. The pace of expansion, with 39 net new stores last year, is set to be maintained in the coming 12 months, and there seem few obvious barriers to continued physical growth in the foreseeable future. The shares, which had edged downwards since the resignation of Mr Michael Weeks, the joint managing director, in the spring, have been strong performers in recent months and, at 225p, are standing on a pile of 17, on the stated tax charge.

## IBH given DM 1.5m bank credit lifeline

By John Davies in Frankfurt

IBH, the struggling West German construction equipment group, has received credit of about DM 1.5m (\$662,000) to ensure that its operations can continue into next month.

The credit has been granted by the private bank of Schröder, Münchmeyer, Hengst (SMH), which was rescued by the banking system earlier this month.

SMH was heavily involved in financing the IBH group, and its difficulties and subsequent rescue were quickly followed by IBH's decision to seek court protection from creditors under a procedure known as *Verfahren* (composition).

Under that procedure, IBH is seeking the approval of a court and of its creditors to write off 80 per cent of the group's debt and to restructure the group to enable a core of its activities to survive.

The DM 1.5m loan has been made in the form of a credit through Dr Wolfgang Peter, the court-appointed administrator.

Crucial talks on the future of IBH - which were to have taken place yesterday - have been postponed until today.

The talks involve SMH and, indirectly, the entire banking system on the one hand, and Herr Horst-Eberhard Esch, founder and chief executive of IBH, on the other.

Herr Esch met bankers last week for preliminary talks and it was agreed that a further meeting would be held so that the bankers could give their views on his proposals for the group's future.

Meanwhile, Kaltenecker, one of the smaller but profitable companies in the IBH group, has received a credit of DM 2m to enable it to continue production.

Herr Ludwig Westrick, the court-appointed administrator, said yesterday that the company, with 92 employees, could keep going for 12 months.

He said he had already been approached by eight prospective buyers from West Germany and the UK but felt under no time pressure to negotiate. His concern was to ensure continued production at Kaltenecker, which makes compactors.

Herr Westrick said that Kaltenecker's total debt was about DM 10m. Some DM 1.2m was owed to IBH and the rest to suppliers and financial institutions.

## Gatt chief warns U.S. against widening scope of trade talks

BY ANTHONY McDERMOTT AND CHRISTIAN TYLER IN GENEVA

THE U.S. was cautioned yesterday against pressing too far and too fast for widening the scope of international trade negotiations.

The warning came from Mr Arthur Dunkel, director general of the General Agreement on Tariffs and Trade (GATT), the Geneva-based organisation governing international trade.

He said a number of trade problems within the GATT's orbit still had to be resolved, and meticulous preparation would be necessary before global negotiations could get under way.

He also pointed out that Third World countries, in opposition to recent U.S. initiatives, had suggested that a new global round of trade talks should take place. These should be similar to the Multilateral Trade Negotiations that culminated under the GATT in 1979.

The U.S. has taken the lead among main industrial nations in pressing other nations to open their doors to trade in services and high technology.

It also wants the GATT to frame new rules for the control of trade subsidies, especially on agricultural exports.

But Mr Dunkel said yesterday that he was wary of such initiatives. "I consider the best approach to the U.S. requests is to go on exploring, without prejudging the answers. We have a good deal of very serious problems relating to trade in goods which are intractable in GATT's area of activity."

He did not rule out the chance of a new round of global talks, provided GATT was able to complete the wide range of studies set for it - some of them embracing the latest U.S. initiatives - by last November's inconclusive special conference of its 90 member-states.

Certain anomalies in the proposals existed, such as U.S., British and Japanese superiority over developing countries in such issues as trade in services and high technology, he noted.

There was also the continuing climate inside the U.S., where protectionist pressures continued to build ahead of next year's presidential election. The traditional free-trade lobbies have lost strength, Mr Dunkel said, and there is a feeling that the system is working against them - for example in settlement of disputes brought before GATT.

The problem was a lack of clear-cut consensus of the meaning of the basic GATT rules, Mr Dunkel said. These had to be re-examined.

The GATT chief's remarks coincided with statements in Tokyo yesterday saying that Japan would push for a new round of multilateral trade negotiations to check growing protectionist moves in developing and industrialised countries.

The Japanese position emerged during last week's historic meeting in Tokyo, between Mr Ronald Reagan, U.S. President, and Mr Yasuhiro Nakasone, Japanese Prime Minister.

Mr Dunkel said he was more optimistic than before about the international trading climate.

## Soviets 'offer new warhead formula'

By Bridget Bloom in London

THE Soviet Union is understood to have put forward a new proposal at the Geneva arms control talks which for the first time would not involve a direct link between deployment of their own nuclear missiles and those of the independent British and French systems.

According to reports apparently originating in Geneva, Mr Yuri Kvititskiy, the Soviet negotiator, floated the proposals in what is believed to have been an informal meeting with Mr Paul Nitze, his U.S. counterpart, last weekend.

The proposals have reportedly not been formally made, although two delegations met just over two hours yesterday in formal session and have agreed to meet again next Wednesday.

Mr Kvititskiy is said to have suggested that the Soviet Union would reduce the number of its SS-20s deployed against Europe to 122. That would be a total of 368 warheads, considerably less than the most recent Soviet offer of 420.

It is also suggested that the Soviet proposal drops the formal insistence that the SS-20 warheads should be matched one for one against warheads in the British and French nuclear forces.

Western officials last night said, however, that the proposals appeared unacceptable for two reasons. They were conditional on there being no deployment of the new U.S. cruise and Pershing missiles, while the conditions relating to the British and French systems were apparently ambiguous.

In particular, Moscow is still said to be demanding some compensation for the British and French forces. According to one official, it was therefore the same package in a different wrapping.

The U.S. is apparently uncertain of the precise status of the proposals, given the informality with which they were transmitted, and has made no formal reply to them.

U.S. reticence may also be partly due to the critical debates taking place in West Germany in the next few days over the missile issue. It may be judged, for example, that the opposition SPD might find attractive a proposal that ostensibly reduced the SS-20s to a much lower number.

Earlier story Page 2

## Spanish threat to cut French imports

BY DAVID WHITE IN MADRID

SPAIN has issued a veiled threat to France that it will cut back on government purchases of French goods unless Paris adopts a more favourable stance towards Spanish membership of the EEC.

The main sector which would potentially be affected is French military exports.

Sr Felipe Gonzalez, the Spanish Prime Minister, yesterday denied reports that the Madrid Government had decided to block imports from France, but added: "From the point of view of the Spanish Government, there is no doubt there will be political criteria, and not just economic ones, in international purchases."

The hint, made through a Spanish newspaper, of possible trade reprisals against the Mitterrand Administration for obstructing Spain's entry negotiations comes after a protest walk-out by Spanish socialist party representatives at the French socialist conference.

It coincides with negotiations for a major anti-aircraft missile contract, in which the Franco-German Roland is competing with Britain's

Rapier, and for a tank project, involving partnership with either the French or the West Germans.

Sr Gonzalez would not say whether defence deals would be affected, but made clear that the Government would calculate its requirements "both from the defence point of view and from the political point of view."

Madrid is trying to increase pressure on France to enable the conclusion of EEC entry talks in 1984, it is clear that a bilateral war would not be in Spain's interests.

France is by far Spain's biggest client, producing a growing trade surplus. French figures show a surplus in favour of Spain of FF 3.6bn (\$42m) in the first nine months of this year, some 40 per cent more than in the whole of 1982.

Since it applied for EEC membership in 1977, Spain's exports to France, led by cars and fruit, have tripled in peso terms. France, however, takes only third place among non-oil suppliers to the Spanish market.

Demand for labour reform rejected, Page 2

## Senate lifts debt ceiling

Continued from Page 1

Action is still possible on tax and spending measures which, in the House for example, aim to raise \$10bn to cut deficits over the next three years. But Senator Robert Dole has signalled defeat for his well publicised moves to spread \$150bn of budget-cutting moves over the next three years. Even a slimmed down version of his Bill is not expected to be brought to the Senate floor.

Many Congressmen were yesterday trying to throw the blame for the paralysis on the budget deficit front on President Ronald Reagan's refusal to countenance tax increases. But political priorities and the forthcoming presidential election are the main influences behind the reluctance in the White House and on Capitol Hill to push for measures which would have to cut government spending and raise taxes if substantial budget-cutting moves were to be put into effect.

## Lloyd's warns on reinsurance abuse

BY JOHN MOORE, CITY CORRESPONDENT, IN LONDON

THE RULING authorities of the Lloyd's insurance market have urged to stop professional underwriters from laying off risks of their insurance syndicates with companies in which they are shareholders.

Lloyd's has been warned that abuses can arise in these trading relationships.

The recommendation is contained in a 231-page internal report prepared by a committee of inquiry, led by Mr Anthony Colman Q.C. and Mr Stephen Hailey, an accountant with Arthur Andersen. It could lead to a major structural upheaval in Lloyd's.

The inquiry team has been investigating the relationship of syndi-

cates under the management of Mr Raymond Brooks and Mr Terence Dooley with the Fidentia Marine Insurance Company of Bermuda.

The inquiry team has found that large sums of the syndicates' funds have been channelled to the Fidentia in the form of reinsurance contracts. Fidentia was set up by Mr Brooks in 1970 and earned a net gain of £8.2m over a 13-year period, deriving a large amount of business from the syndicates. Fidentia was controlled by Mr Brooks and Mr Dooley.

The committee of inquiry has found that transactions were arranged from the syndicates to ben-

efit Fidentia over the period and found that the two men abused their fiduciary duty to the syndicates. In the opinion of the inquiry team there has been "substantial misconduct" under Lloyd's by-laws by the two men. Lloyd's has yet to decide whether disciplinary action is necessary. The investigators say that the Fidentia affair "illustrates the unavoidable perils associated with related party reinsurance transactions."

They add: "We therefore strongly recommend that as soon as possible Lloyd's should impose a comprehensive prohibition on all future related party reinsurance transactions."

## World Weather

	C	F		C	F		C	F		C	F
Algeria	13	55	Belgium	10	50	Holgate	10	50	Sahlgren	9	43
Algeria	13	55	Bulgaria	10	50	Holgate	10	50	Sahlgren	9	43
Algeria	13	55	Bulgaria	10	50	Holgate	10	50	Sahlgren	9	43
Algeria	13	55	Bulgaria	10	50	Holgate	10	50	Sahlgren	9	43
Algeria	13	55	Bulgaria	10	50	Holgate	10	50	Sahlgren	9	43
Algeria	13	55	Bulgaria	10	50	Holgate	10	50	Sahlgren	9	43
Algeria	13	55	Bulgaria	10	50	Holgate	10	50	Sahlgren	9	43
Algeria	13	55	Bulgaria	10	50	Holgate	10	50	Sahlgren	9	43
Algeria	13	55	Bulgaria	10	50	Holgate	10	50	Sahlgren	9	43
Algeria	13	55	Bulgaria	10	50	Holgate	10	50	Sahlgren	9	43
Algeria	13	55	Bulgaria	10	50	Holgate	10	50	Sahlgren	9	43
Algeria	13	55	Bulgaria	10	50	Holgate	10	50	Sahlgren	9	43
Algeria	13	55	Bulgaria	10	50	Holgate	10	50	Sahlgren	9	43
Algeria	13	55	Bulgaria	10	50	Holgate	10	50	Sahlgren	9	43
Algeria	13	55	Bulgaria	10	50	Holgate	10	50	Sahlgren	9	43
Algeria	13	55	Bulgaria	10	50	Holgate	10	50	Sahlgren	9	43
Algeria	13	55	Bulgaria	10	50	Holgate	10	50	Sahlgren	9	43
Algeria	13	55	Bulgaria	10	50	Holgate	10	50	Sahlgren	9	43
Algeria	13	55	Bulgaria	10	50	Holgate	10	50	Sahlgren	9	43
Algeria	13	55	Bulgaria	10	50	Holgate	10	50	Sahlgren	9	43
Algeria	13	55	Bulgaria	10	50	Holgate	10	50	Sahlgren	9	43
Algeria	13	55	Bulgaria	10	50	Holgate	10	50	Sahlgren	9	43
Algeria	13	55	Bulgaria	10	50	Holgate	10	50	Sahlgren	9	43
Algeria	13	55	Bulgaria	10	50	Holgate	10	50	Sahlgren	9	43
Algeria	13	55	Bulgaria	10	50	Holgate	10	50	Sahlgren	9	43
Algeria	13	55	Bulgaria	10	50	Holgate	10	50	Sahlgren	9	43
Algeria	13	55	Bulgaria	10	50	Holgate	10	50	Sahlgren	9	43
Algeria	13	55	Bulgaria	10	50	Holgate	10	50	Sahlgren	9	43
Algeria	13	55	Bulgaria	10	50	Holgate	10	50	Sahlgren	9	43
Algeria	13	55	Bulgaria	10	50	Holgate	10	50	Sahlgren	9	43
Algeria	13	55	Bulgaria	10	50	Holgate	10	50	Sahlgren	9	43
Algeria	13	55	Bulgaria	10	50	Holgate	10	50	Sahlgren	9	43
Algeria	13	55	Bulgaria	10	50	Holgate	10	50	Sahlgren	9	43
Algeria	13	55	Bulgaria	10	50	Holgate	10	50	Sahlgren	9	43
Algeria	13	55	Bulgaria	10	50	Holgate	10	50	Sahlgren	9	43
Algeria	13	55	Bulgaria	10	50	Holgate	10	50	Sahlgren	9	43
Algeria	13	55	Bulgaria	10	50	Holgate	10	50	Sahlgren	9	43
Algeria	13	55	Bulgaria	10	50	Holgate	10	50	Sahlgren	9	43
Algeria	13	55	Bulgaria	10	50	Holgate	10	50	Sahlgren	9	43
Algeria	13	55	Bulgaria	10	50	Holgate	10	50	Sahlgren	9	43
Algeria	13	55	Bulgaria	10	50	Holgate	10	50	Sahlgren	9	43
Algeria	13	55	Bulgaria	10	50	Holgate	10	50	Sahlgren	9	43
Algeria	13	55	Bulgaria	10	50	Holgate	10	50	Sahlgren	9	43
Algeria	13	55	Bulgaria	10	50	Holgate	10	50	Sahlgren	9	43
Algeria	13	55	Bulgaria	10	50	Holgate	10	50	Sahlgren	9	43
Algeria	13	55	Bulgaria	10	50	Holgate	10	50	Sahlgren	9	43
Algeria	13	55	Bulgaria	10	50	Holgate	10	50	Sahlgren	9	43
Algeria	13	55	Bulgaria	10	50	Holgate	10	50	Sahlgren	9	43
Algeria	13	55	Bulgaria	10	50	Holgate	10	50	Sahlgren	9	43
Algeria	13	55	Bulgaria	10	50	Holgate	10	50	Sahlgren	9	43
Algeria	13	55	Bulgaria	10	50	Holgate	10	50	Sahlgren	9	43
Algeria	13	55	Bulgaria	10	50	Holgate	10	50	Sahlgren	9	43
Algeria	13	55	Bulgaria	10	50	Holgate	10	50	Sahlgren	9	43
Algeria	13	55	Bulgaria	10	50	Holgate	10	50	Sahlgren	9	43
Algeria	13	55	Bulgaria	10	50	Holgate	10	50	Sahlgren	9	43
Algeria	13	55	Bulgaria	10	50	Holgate	10	50	Sahlgren	9	43
Algeria	13	55	Bulgaria	10	50	Holgate	10	50	Sahlgren	9	43
Algeria	13	55	Bulgaria	10	50	Holgate	10	50	Sahlgren	9	43
Algeria	13	55	Bulgaria	10	50	Holgate	10	50	Sahlgren	9	43
Algeria	13	55	Bulgaria	10	50	Holgate	10	50	Sahlgren	9	43
Algeria	13	55	Bulgaria	10	50	Holgate	10	50	Sahlgren	9	43
Algeria	13	55	Bulgaria	10	50	Holgate	10	50	Sahlgren	9	43
Algeria	13	55	Bulgaria	10	50	Holgate	10	50	Sahlgren	9	43
Algeria	13	55	Bulgaria	10	50	Holgate	10	50	Sahlgren	9	43
Algeria	13	55	Bulgaria	10	50	Holgate	10	50	Sahlgren	9	43
Algeria	13	55	Bulgaria	10	50	Holgate	10	50	Sahlgren	9	43
Algeria	13	55	Bulgaria	10	50	Holgate	10	50	Sahlgren	9	43
Algeria	13	55	Bulgaria	10	50	Holgate	10	50	Sahlgren	9	43
Algeria	13	55	Bulgaria	10	50	Holgate	10	50	Sahlgren	9	43
Algeria	13	55	Bulgaria	10	50	Holgate	10	50	Sahlgren	9	43
Algeria	13	55	Bulgaria	10	50	Holgate	10	50	Sahlgren	9	43
Algeria	13	55	Bulgaria	10	50	Holgate	10	50	Sahlgren	9	43
Algeria	13	55	Bulgaria	10	50	Holgate	10	50	Sahlgren	9	43
Algeria	13	55	Bulgaria	10	50	Holgate	10	50	Sahlgren	9	43
Algeria	13	55	Bulgaria	10	50	Holgate	10	50	Sahlgren	9	43
Algeria	13	55	Bulgaria	10	50	Holgate	10	50	Sahlgren	9	43
Algeria	13	55	Bulgaria	10	50	Holgate	10	50	Sahlgren	9	43
Algeria	13	55	Bulgaria	10	50	Holgate	10	50	Sahlgren	9	43
Algeria	13	55	Bulgaria	10	50	Holgate	10	50	Sahlgren	9	43
Algeria	13	55	B								



**IMI**  
for building products, heat exchange,  
drinks dispensers, fluid power,  
special-purpose valves, general  
engineering, refined and wrought metals.  
IMI plc, Birmingham, England

## SECTION II - INTERNATIONAL COMPANIES

# FINANCIAL TIMES

Friday November 18 1983

**LONGINES**



## World-wide surge in business boosts profits at Hoechst

BY JOHN DAVIES IN FRANKFURT

HOECHST, the West German chemical group, is making a strong recovery this year, with world-wide profits bounding ahead by 57 per cent in the first nine months.

The group's pre-tax profits to the end of September reached DM 1.32bn (\$494m), compared with DM 709m in the same period last year.

The parent company reported a strong but less dramatic increase of 35 per cent in pre-tax profits to DM 636m.

Hoechst said yesterday that its worldwide results were boosted by improved earnings at major subsidiaries in other West European countries and in North America.

Hoechst - like the other big West German chemical groups, BASF and Bayer - suffered a profits setback last year and all three cut their dividends.

But the chemical industry has been showing signs of recovery since late last year, with even the long-ailing plastics sector beginning to pick up, and all of the big three groups have been making higher profits.

Hoechst, in which Kuwait has a stake of slightly more than 24 per cent, cut its dividend last year less sharply than other groups - from DM 7 to DM 5.50 per DM 50 share.

Prof Rolf Sammet, the chief executive, has so far avoided giving

any clear indication of dividend prospects for this year.

Hoechst increased its worldwide sales revenue in the first nine months of this year by 4.3 per cent to DM 27.36bn, while the parent company's sales were up by 3.5 per cent to DM 9.6bn.

It boosted the volume of sales worldwide by 7 per cent, with the biggest improvements occurring in crop protection materials, pharmaceuticals, plastics and synthetic fibres.

Sales revenue increased more than proportionately in North America and in Asia. Sales in Central and South America improved in terms of local currencies, but declined in D-Mark terms.

Hoechst said the improved state of business in the first half of this year continued in the third quarter, both on the home market and abroad. Business was also going ahead well in the present quarter, it said.

With higher demand, the parent company has sharply reduced its stocks and has increased its capacity utilisation, which reached 73 per cent in the September quarter, compared with only 63 per cent a year earlier.

The parent company has reduced its workforce by 1.2 per cent over the past year.

## Closures to hit Union Carbide earnings

By Terry Dodsworth in New York

UNION CARBIDE, the third largest U.S. chemicals company, is to take a \$140m charge in the fourth quarter against the cost of closing some of its ageing chemical and plastics plants.

The main impact of the write-off will be felt by a group of ethylene facilities built in the early 1950s, and accounting for around the 10 of capacity in Texas City and Telford, Louisiana. A high pressure polyethylene unit at Seadrift, Texas, is also to be shut down.

Several of the plants were temporarily closed down earlier this year.

Union Carbide said yesterday that the financial charge ought to improve earnings next year as the group gained the advantage of more cost effective manufacturing processes for these products. Net profits, however, will take a severe knock from the write-off, which will amount to \$2.4 a share against nine month earnings of \$2.71.

In the third quarter, Union Carbide, which also manufactures batteries and a range of metals and gases, showed a strong growth in underlying profitability, with pre-tax profits rising from \$26.2m a year ago to \$115.2m.

The closures are part of a long-term programme to move the group away from low margin commodity products to more specialised chemicals activities. Earlier this year, it agreed to sell its 50 per cent stake in Unifon Kemil of Sweden.

## Texaco backs Gulf in row over reserves

By William Hall in New York

TEXACO, the third largest U.S. oil company, has come out in support of Gulf Oil in its fight with a band of dissident shareholders who want Gulf to spin off a substantial part of its domestic U.S. reserves in the form of a royalty trust, whose revenues would flow directly to Gulf shareholders.

Mr John McKinley, chairman of Texaco, told a meeting of analysts on Wednesday that his company, in common with other oil majors, had studied the concept of royalty trusts and concluded: "We simply do not see it as an advisable thing for our shareholders or our company."

Mr McKinley is the first important oil industry executive to speak out publicly against royalty trusts.

## ITT unit buys stake in Wall Street firm

By Our New York Staff

THE HARTFORD insurance group, part of ITT's Diversified Services Division, is to pay \$75m for a 23 per cent stake in Thomson McKinnon, the Wall Street securities firm.

Thomson McKinnon, a major securities firm in the U.S., will market The Hartford's life insurance products. The insurance company, which is one of the largest property and casualty insurers in the U.S., as well as one of the major life insurers, said it had no plans to seek a controlling interest in the Wall Street firm which, until now, has been entirely employee-owned.

The deal will represent a sizeable capital injection for Thomson McKinnon, which will sell to The Hartford \$75m of newly-issued shares and thereby boost its capital by about 55 per cent to over \$210m.

Peter Montagnon, recently in Lisbon looks at plans to revitalise domestic banking

## Banks wary on Portugal's invitation

THE Portuguese Government, judging by its latest pronouncements, regards the opening of its banking industry to foreign institutions as an invitation to join a very exclusive club.

Sr Antonio de Almeida, undersecretary at the Treasury, told local journalists recently that foreign banks would have to put up capital of Esc 2bn (\$16m) to open a branch and Esc 3bn for a locally incorporated subsidiary. Although these figures have not been finally confirmed by the Cabinet, they already show that Portugal wants to charge a far higher entry price to foreign banks than did its neighbour Spain in 1978.

It would be easy to conclude that this high price reflects a huge interest on the part of foreign banks in getting a toehold in Portugal, one of the last markets left in Europe that is still effectively closed to new foreign banks. Those already there - Credit Lyonnais through its Credit Franco-Portugais subsidiary, Lloyds through the Bank of London and South America, and Banco do Brasil - have a long established presence. Next year, when the market is opened to others, a flood of applications to open branches could be expected; at least, that is the impression Portuguese officials like to give.

Underlying this, however, is a sense of ambivalence held privately on both sides. Sr Ernani Lopes, Por-

tugal's Finance Minister, wants to use the advent of the foreign banks to shake up the country's hide-bound and conservative domestic banking system. New foreign banks are supposed to be the catalyst of a process that will wrench Portugal's financial markets into the second half of the 20th century, making them "more competitive, more specialised and, above all, more consistent with the needs of the economy."

For their part, foreign banks looking at Portugal may well be jealous of the juicy gross margins - estimated at around 10 per cent - available on domestic escudo lending. But whether they are prepared to be dragged into the country's economic modernisation process is another matter.

Officials in the finance ministry in Lisbon estimate that about ten foreign banks are actively interested in opening a branch in Portugal. Foreign bankers, on the other hand, tend to dwell on the problems, rather than the advantages of such a step.

Quite apart from anything else, they point out that the Portuguese market is very small and, with nearly 1,400 branches for a country of 10m people, Portugal is already over-banked. Dr Artur Santos Silva, president of the Sociedade Portuguesa de Investimento, has calculated that a bank controlling all of the country's domestic banking business would still not take it into the



Sr Lopes: Government representative in Lisbon, says: "We want to serve our multinational companies that are in Portugal and explore the possibility of public companies that we work with as well."

banks of the 100 largest banks in the world.

Then there is the question of funding. Foreign banks will not be able to establish a large branch network and will be dependent on what is at present an almost non-existent interbank market for their funds. Even if such a market is developed to meet their needs, the cost of funds to foreign banks will be higher than that of domestic institutions. Gross margins will be lower, at perhaps 4 or 5 per cent and, with a high capital requirement, banks will need to build up their balance sheet quickly at a time of general credit restraint.

Under the terms of its programme with the International

Monetary Fund, Portugal is restraining domestic credit expansion to 29.7 per cent this year and 22.8 per cent next.

Credit ceilings on domestic banks are now being applied so tightly that their business is said to be contracting in real terms. Yet, according to one British banker, foreign banks will rapidly need to build up a balance sheet well in excess of Esc 20bn to justify an investment of Esc 2bn in capital - all the more so because this capital is likely to be constantly eroded by devaluation.

So why then are they expressing an interest in opening up in Portugal? Mr Tony Cavaco, representative of Chase Manhattan in Lisbon, says: "We want to serve our multinational companies that are in Portugal and explore the possibility of public companies that we work with as well."

This is a far cry from the ambitions of the Government, which would like to see the foreign banks mobilise venture capital for the development of new small and medium-sized industries, as well as introducing more professional methods of credit analysis and money market techniques. Foreign banks are thus expected to act more like investment banks than commercial lenders.

The approach by the banks implies a quick return on traditional types of business, that of the Government a long-term slog as foreign banks participate fully in Portugal's

aspirations to become a fully developed member of the European Community. This obviously requires a heavy commitment to the country, and an expensive one when most international banks are now looking for a speedy improvement on their return on capital.

Setting a high entry price may indeed be a deliberate ploy on the part of the authorities to attract only those banks prepared to make such a long-term commitment. In an initial batch only about three banks are expected to be allowed to open a branch next year.

But the high price may also reflect the fact that Portugal itself will have to make some sacrifices to accommodate the foreign banks. To succeed in developing a money and capital market, the foreign banks will not only have to break the stranglehold of the nationalised banks on domestic business. They will also have to break the monopoly of the Bank of Portugal.

The opening of its banking market represents one major price that Portugal will have to pay to join the EEC but, says a senior finance ministry official: "Even without the EEC we must modernise. Otherwise we couldn't keep up the (economic) growth rates that we had in the past." Next year, when Portugal does let in the foreign banks, the Government will find out what price the banks are prepared to pay in meeting that objective.

## Schloemann-Siemag orders fall steeply

BY JONATHAN CARR IN DÜSSELDORF

SCHLOEMANN-SIEMAG, the West German engineering concern, which is part of the GHH group, faces another lean year after suffering a sharp drop in orders and sales in the year to June 30 1983.

Herr Heinrich Weiss, the executive chairman, told a press conference that group orders had slumped to DM 1.1bn (\$412m) from DM 2.3bn in 1981-82, and sales to DM 1.2bn from DM 1.7bn.

The company's results, like those of other industrial plant makers, are subject to large year-on-year fluctuations, and the 1982-83 order figures do not include a big Indian contract covered by a letter of intent.

But even after taking that into account, Herr Weiss stressed that world demand for steel plant and processing machinery was exceptionally low and battles were fierce for the few orders available. These were coming mainly from the developing world, above all Asia, where Japanese competitors were especially strong.

Herr Weiss warned that the parent company would be hard put to match last year's orders intake

worth DM 530m - down from DM 1.6bn in 1981-82. Parent sales dropped to DM 500m last year from DM 780m, although net profit was roughly maintained at DM 28.8m, mainly because of a sharp cut in material costs.

In the longer term Herr Weiss saw a better outlook on several markets. In Eastern Europe some customer countries were reducing their debt and thus laying the ground-work for renewed capital investment. Soviet demand was also likely to rise with the start of the new five-year plan in 1986.

The steel industries of Western Europe and the U.S. were also likely to become better customers as they carried out essential and, in some cases long overdue, modernisation.

Schloemann-Siemag was particularly confident about prospects in the plastics processing machinery sector where its subsidiary, Battenfeld, is one of the world's top producers.

Last year orders to Battenfeld were worth DM 473m, hardly below the 1981-82 level.

## Holzmann warns of fall in U.S. orders

BY OUR FRANKFURT CORRESPONDENT

PHILIPP HOLZMANN, the West German construction company, has boosted activities in its domestic market and in Saudi Arabia, but has suffered a setback in the U.S.

The company, however, expects the total value of its building activity this year to be little changed on last year and it predicts satisfactory profits.

Holzmann increased its net profit last year by 30 per cent to DM 56m (\$20.8m) and maintained its dividend at DM 10 per DM 50 share.

The value of its worldwide building activity reached DM 5.88bn in the first nine months of this year, up 2.5 per cent on the same period last year. Its business in West Germany rose 0.8 per cent to DM 1.78bn, while foreign activity was only marginally ahead at DM 4.1bn.

Holzmann said there was a strong rise in the value of work carried out in Saudi Arabia, on the basis of earlier contracts. But there was a decline in work and new orders in the U.S., where there were fewer construction opportunities in the energy and public works sectors.

Its West German business has been picking up sharply, with new orders in the first nine months of this year up 38 per cent on a year earlier. Holzmann had total orders worth DM 8.98bn on its books at the end of September, 2.3 per cent less than a year ago. Its West German orders on hand were up 27 per cent at DM 2.32bn, but this did not fully offset a 9.2 per cent drop in foreign orders to DM 6.78bn.

The number of workers employed worldwide has risen by 8.7 per cent to 38,000, mainly because of hiring in Saudi Arabia.

tered the position this time round.

Philipp held yesterday to its forecast for 1983 as a whole, made in August, of an improvement in sales volume of around 4 per cent - slightly down on the original prediction of between 4 and 5 per cent. A main reason for the continuing caution is the relatively poor performance by the sound and vision sector which, despite picking up in the third quarter, is down in sales this year compared with the first nine months of 1982.

Last week, Philips sought to reassure investors and dealers that it would continue to develop and market its V2000 home video system. Now enjoying a 15-20 per cent

share of the European video market. But at the same time it confirmed that it would soon begin manufacturing recorders employing the rival VHS format for distribution "in the first instance" outside Europe.

This has created a measure of uncertainty. Philips has invested a great deal in the V2000 range, and there is little sign as yet of any real return.

Philips' own comment was that trading profit in the sector was "under pressure as a result of less favourable sales development."

Lighting, on the other hand, especially lightbulbs, continues to be a vigorous sector for Philips. The

## Reksten fleet to be refloated

BY ANDREW FISHER, SHIPPING CORRESPONDENT IN LONDON

FIVE LARGE tankers from the former Reksten fleet are to be offered through a new Norwegian company to local and foreign investors in a NOK 342m (\$46m) venture. The idea is to attract investment in the tankers at current low prices and benefit from the hoped-for improvement in the market.

The new company, to be called R/A Arken, will involve Hambros Bank of the UK, with a direct 7.5 per cent stake, and an indirect one through its 36 per cent ownership of R/A Trajan (the successor company to the collapsed Reksten group), which will also have 7.5 per cent. Hambros was heavily involved with Reksten in the 1970s and earlier this year sold a large holding in Hambro Life, in part to cover large shipping provisions. These have mounted to between £60m and £70m (\$104m).

Arken is to be listed on the Oslo stock exchange in May.

## First-half gain for St Gobain

By David Marsh in Paris

SAINT-GOBAIN, the diversified French nationalised glass-maker and pipe-manufacturer, registered a group net profit of FF 74m (\$9.1m), including the exceptional costs of pulling out of the information technology business, in the first half of the year.

The profit was mainly the result of international activities, and compares with a net loss of FF 673m in the same period of last year.

The results, announced yesterday, show a clear improvement in operating profits, which doubled to FF 871m in the first half.

Excluding the costs of the computer pull-out, Saint-Gobain made a profit on trading of FF 230m in the first half, against FF 136m (made out of a new accounting basis) in the corresponding period last year.

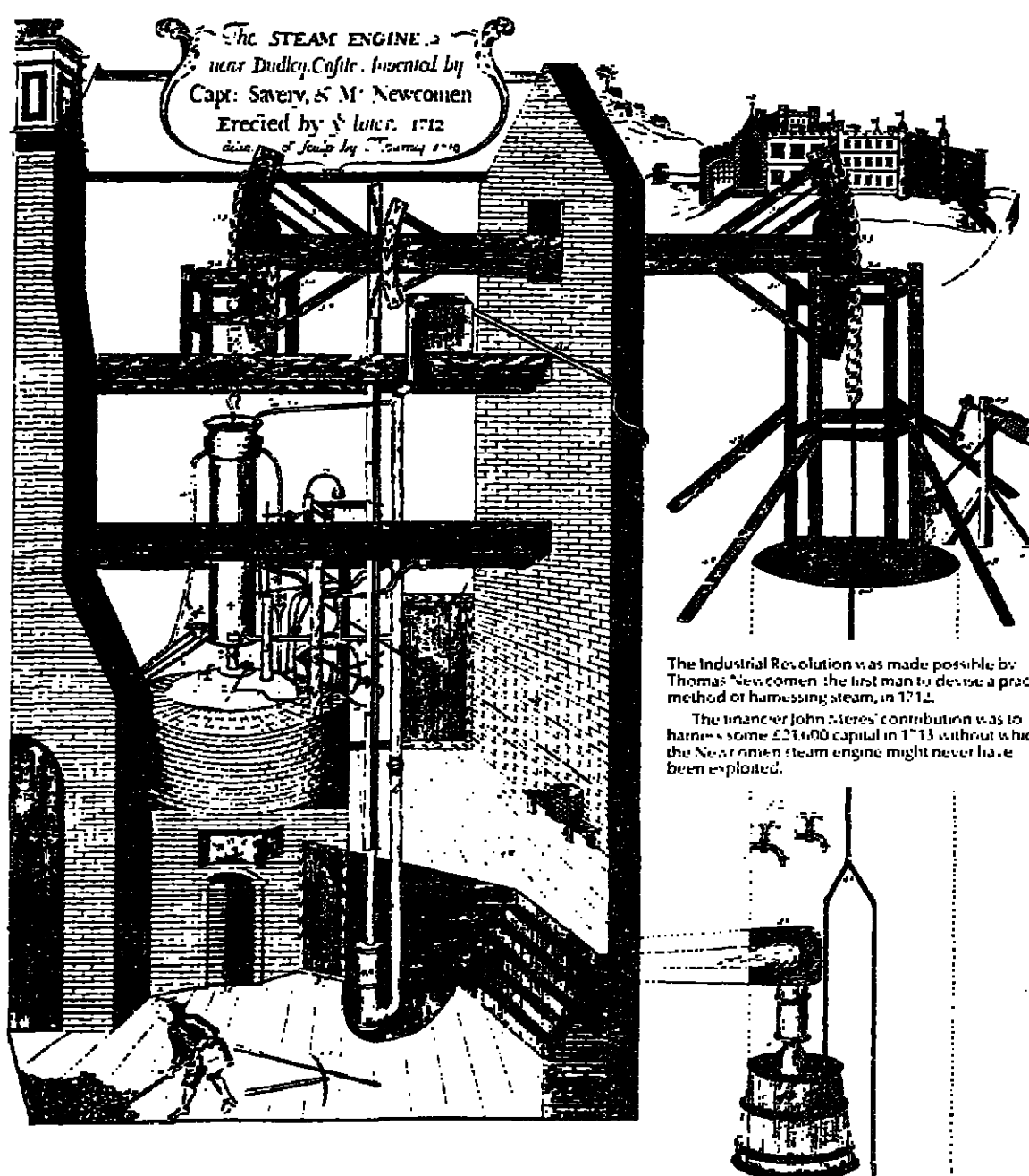
The improved results mirror the generally better performance by the bulk of French state-owned industrial groups this year.

Consolidated sales rose by 14 per cent in the first half to FF 27.8bn, or a 10 per cent rise on a comparable basis.

The improvement continued over the third quarter with the first nine month sales up 15 per cent to FF 36.1bn.

The company said its industrial profit for the whole of 1983 - not including the losses on the computer withdrawal, most of which were entered in the 1982 figures - would show an increase on the FF 257m registered in 1982.

The improved performance took account of the impact of Saint-Gobain's recently acquired 20 per cent stake in Compagnie Générale des Eaux, the privately owned water distribution group.



The Industrial Revolution was made possible by Thomas' Newcomen the first man to devise a practical method of harnessing steam, in 1712.

The inventor John Newcomen's contribution was to harness some 2,316,000 capital in 1713 without which the Newcomen steam engine might never have been exploited.

## FINANCIAL ENGINEERING

The problems solved by the financial engineer are related to financial, not physical, stresses. Putting together the package most appropriate to a particular company's funding needs calls for financial engineering skills of a high order.

It is skills such as these that lie behind the range of merchant banking services offered by European Banking, Corporate finance. Project finance. Capital market services. Foreign exchange and money market operations. Corporate and private portfolio management.

## European Banking

European Banking Company Limited,  
150 Leadenhall Street, London EC3V 4PP.  
Telephone: 01-638 3654 Telex: 8811001

European Banking Company S.A. Brussels,  
Boulevard du Souverain, 100, B-1170 Brussels.  
Telephone: 02-660 49 00 Telex: 23846



This announcement appears as a matter of record only.  
November 1983



## Thomson-Brandt International B.V.

Guaranteed by  
**Thomson-Brandt**

**£50,000,000**  
5 year Sterling Revolving Acceptance Credit  
with U.S. dollar swap option

Agent & Manager  
**BARCLAYS MERCHANT BANK LIMITED**  
(in conjunction with Barclays Bank S.A.)

Provided by

Bank of Ireland  
Barclays Bank Group  
Credit Commercial de France, London Branch  
National Westminster Bank Group  
Societe Generale Bank Limited

Banque Nationale de Paris PLC  
Brown Shipley & Co. Limited  
Manufacturers Hanover Trust Company  
The Nippon Credit Bank, Ltd.  
The Sumitomo Trust & Banking Co., Ltd.

New Issue

These securities having been sold,  
this announcement appears as a matter of record only.  
These securities were not offered in the United States of America or Canada,  
or to United States or Canadian persons.

October 1983



## Ford Credit Canada Limited

Oakville, Ontario, Canada

**U.S. \$ 50,000,000**  
Subordinated Floating Rate Notes due 1989  
— Private Placement —

unconditionally and irrevocably guaranteed by  
**Ford Motor Credit Company**  
Dearborn, Michigan, USA

**COMMERZBANK**  
KATZENGESELLSCHAFT

This advertisement appears as a matter of record only.

## PSP & Company (U.K.) Limited

A member of the Postbank Group

**U.S. \$25,000,000**  
Five-year Certificate of Deposit Facility

Managed by  
**Standard Chartered Merchant Bank Limited**  
Banque Indosuez

Bayerische Landesbank Girozentrale  
Bermuda Finance (Far East) Limited  
Die Erste Österreichische Spar-Casse-Bank  
Midland Bank International

Agent Bank  
**Standard Chartered Merchant Bank Limited**

November, 1983

**U.S.\$50,000,000**  
**EUROPEAN ASIAN CAPITAL B.V.**  
(Incorporated with limited liability in the Netherlands)  
Guaranteed Floating Rate Notes Due 1992

Unconditionally Guaranteed by



**EUROPEAN ASIAN BANK**  
Aktiengesellschaft  
(Incorporated with limited liability in the Federal Republic of Germany)  
For the six months  
16th November 1983 to 16th May 1984  
the Notes will carry an interest rate of  
10 1/2 % per annum with a Coupon Amount  
of U.S.\$15.03 per U.S.\$10,000 Note, payable on  
16th May 1984  
Bankers Trust Company, London  
Agent Bank



**IDB INTERNATIONAL N.V.**  
U.S.\$50,000,000  
Guaranteed Floating Rate Notes 1987  
Unconditionally and irrevocably guaranteed as to  
payment of principal and interest by  
**ISRAEL DISCOUNT BANK LIMITED**

For the six months  
16th November 1983 to 16th May 1984  
the Notes will carry an  
interest rate of 10 1/2 % per annum.  
The relevant Interest Payment Date will be  
16th May 1984  
Bankers Trust Company, London  
Facot Agent

## INTL. COMPANIES & FINANCE

### Santos plan for Reef and Basin accepted

By Lachlan Drummond in Sydney

THE NATIONAL Mutual Life Association and BT Australia, the merchant bank, have accepted the compromise proposals put forward on Wednesday by Santos on their rival bids for Reef Oil and Basin Oil, two small participants in the Cooper Basin oil and gas field development.

Under the Santos proposals, the National Mutual-BT joint bid for Basin Oil will be increased from A\$2.15 (U.S.\$1.97) to A\$3.20 per share, valuing Basin at A\$83m against A\$65m while the Santos cash offer for Reef will be raised from A\$1.65 to A\$2.30 per share, or from A\$59m to A\$82m.

Santos will also drop its takeover bid for Basin, while the National Mutual and BT will withdraw their offer for Reef. Meanwhile, provided they achieve the level of acceptances which will allow compulsory acquisition of outstanding shares in Basin, the National Mutual and BT will tender their combined 50 per cent in Reef to Santos.

Because of the 19 per cent stakes they already held in Reef and Basin, when they launched their bid, the National Mutual and BT will have to receive acceptances from 75 per cent of remaining shareholders to achieve the aim of compulsory acquisition — a task made difficult by the Santos counter-offers but which should now be achievable for Basin under the scheme worked out by Santos. Australian professional accountancy bodies have strongly recommended that all companies present current cost accounting (CCA) financial statements as a supplement to their existing accounts. But the recommendation will not be binding, writes Colin Chapman.

In Britain, the U.S., Canada and New Zealand, CCA financial statements are mandatory but the Australian Institute of Chartered Accountants and the Australian Society of Accountants said that some experiment was needed first before considering it as a requirement. "The profession sees this statement as a positive lead to business, to accountants to government and to the public, on the need to recognise changing price levels in reporting and decision making," the two bodies said.

### Korea acts to support stock market

SEOUL—The South Korean Finance Ministry has ordered the Korea Securities Finance Corporation (KSFC) to provide 20bn won (US\$25.3m) in soft loans to securities firms to support the flagging stock market.

The decision was taken as trade volume fell sharply to 4.7m shares on Monday and Tuesday from an average of 8.4m last week, with the composite index falling below the psychologically important 20 level on Tuesday to 119.95. Yesterday, when KSFC began providing money to securities firms wishing to buy shares, volume jumped to 12m shares with the composite index gaining 1.27 to 121.22. The index fell to 120.48 yesterday.

Reuters

### South African engineering group shows improvement

BY OUR JOHANNESBURG CORRESPONDENT

DORBYL, the heavy engineering group, increased operating profits in the year to September 30, despite South Africa's deepening recession. Operating profits before interest and tax rose by 3.3 per cent to R80.4m (US\$13m) from R78.5m.

In the past the directors have pointed out that heavy engineering generally lags behind the rest of the economy as the industry tends to rely on long-term contracts. They now warn that the recession has been deeper than previously expected and say that it is difficult to predict immediate business conditions with any degree of reliability.

However, the board says that although business activity will be at a lower level in the current financial year, it expects earnings to be maintained.

An unchanged total dividend of 51 cents has been declared, although earnings slipped to 175.7 cents a share from 189.6 cents.

Dorbyl is 51 per cent owned by IPSA, which in turn is 40 per cent owned by the Anglo American group and 60 per cent by the Methor Industrial Holding company.

CNA GALLO, the South African group which retails books and stationery and distributes recorded music, suffered from adverse retail trading conditions in the seven months ended September 30. Although turnover during the seven months was R12.5m, trading income fell to R7.2m.

The latest figures are not comparable with those of earlier trading periods, as CNA and Gallo were merged on August 15 and the former CNA companies have reported for a seven-month trading period while the former Gallo companies have traded for a six-month period. The directors say that apart from the generally difficult retail market, the CNA operations suffered a greater than expected level of shrinkage. The Gallo operations were affected by significantly lower sales of records and tapes to black consumers.

### Eightfold gain for Jack Chia

SINGAPORE—Jack Chia MFI has reported a group net profit of S\$3.8m (US\$ 1.8m) for the half year ended September 30—nearly an eightfold gain over last year's comparable figure.

The publishing and publications distribution group said the gain was largely due to a stronger Australian dollar. Mr Jack Chia said pre-tax profit rose by 129 per cent as a result of an exchange gain of S\$2.7m against a loss of S\$1.9m in the

## Strong advance in sales and profits for Kyocera

BY YOKO SHIBATA IN TOKYO

KYOCERA, Japan's leading ceramic integrated circuit (IC) maker with 70 per cent of the world market, boosted sales and earnings strongly in the first half year ended September 30, thanks to growth in demand for electronic parts and IC packages.

Half-year parent company pre-tax profits jumped by 45.6 per cent to Y24.1bn (US\$ 102m) and net profits were 37.6 per cent higher at Y11bn. Sales were Y39bn up by 63.9 per cent from the previous year.

Profits per share were Y119.38 compared with Y81.77 in the comparable period in 1982, and the company increased its interim dividend by Y5.85 to pay Y25.35.

The sharp rise in sales and earnings was aided by the

absorption of four subsidiaries into the parent company effective from October 1 1982.

During the half year sales of ceramic components to industrial machinery manufacturers rose by 28.2 per cent to account for 8.1 per cent of turnover. Sales of IC packages, the company's mainstay, went up by 8.9 per cent to account for 36.5 per cent of the total. However, reflecting the move towards plastic packages, the proportion of ceramic based IC's declined to 36.5 per cent of all IC sales from the previous year's 54.9 per cent.

The company covered itself against the impact of this move towards plastic packages by boosting production with a sharp expansion of 64k production.

Sales of jewellery almost

doubled to account for 4 per cent of turnover, thanks to successful sales of Crystal Vert artificial rubies. Sales of his material fared well, up by 20.3 per cent to account for 1.6 per cent, indicating prospects of good future sales of artificial teeth.

Vigorous sales lifted Kyocera's pre-tax profits by 45.6 per cent. The company's net profit rose by 37.6 per cent to Y11.5bn against the loss at a subsidiary, Cybernet, in Germany.

Full-year sales are expected to reach Y213bn, up by 80 per cent from the previous year. Pre-tax profits are projected at Y51bn, up by 47.7 per cent and net profits at Y23.9bn, up by 39 per cent. The company plans to increase the annual dividend by Y11.7 to pay Y50.70.

## Losses at Japanese oil refiners

BY OUR TOKYO STAFF

EIGHT out of Japan's nine oil refiners incurred large losses in the first half year ended September 30, affected by a sharp fall in prices.

During the six months, the fall in oil volume sales finally bottomed out, reflecting an upward trend in economic activity. Partly because of the added price cut by the Organisation of Petroleum Exporting Countries (Opec) early this year, and partly because of intensified selling competition, oil refiners marked down selling prices of oil by between Y5,000 and Y10,000 per kilolitre (a kilolitre equals 6.29 barrels).

As a result, value sales for

each refiner fell by between 5 per cent and 20 per cent.

Refiners tried to draw down slow-moving oil inventories with higher prices under old contracts. However, the market price fell far sharper than the crude price cut, which severely depressed earnings.

Maruzen Oil, which was busy trying to avoid being delisted from the Tokyo stock exchange, and is to merge its refining facilities with Dai-ko Oil, managed to report net profits of Y14bn (US\$6m), mainly due to earnings on sales of assets during the half-year. The company plans to raise Y20bn from assets sales in addition to the Y20bn net profits from opera-

tions projected for the current half-year.

The company's full year net profits are expected to total Y54bn, which should cover its cumulative loss.

However, as from the beginning of November the oil market has again softened, so Maruzen can no longer be certain of making Y20bn net on its operations as forecast earlier.

For the current half year, all the other refiners expect to register profits large enough to cover their first half losses and hope to bring full-year net profits up to the level of the previous year.

### REFINERS' FIRST-HALF PERFORMANCE

	Sales (barrels per day)	Percentage change	Sales Ybn	Percentage change	Net Income Ybn
Nippon Oil	613,000	11.9	1,534	-3.7	4.8
Idemitsu Kosan	400,000	-3.2	1,186	-13.9	4.5
Kyodo Oil	574,000	2.5	1,162	-7.9	4.2
Maruzen Oil	362,000	-7.8	728	-2.1	1.01
Mitsubishi Oil	279,000	5.0	580	-8.2	11.5
Dai-ko Oil	276,000	4.7	576	-2.8	4.4
General Oil	162,000	-2.2	346	-10.2	2.8
Kowa Oil	128,000	-7.9	226	-19.1	4.6
Kyushu Oil	110,000	-3.7	201	-12.2	1.8

— Percentage fall. † Profit.

## Dhaka to privatise two banks

BY JOHN ELLIOTT IN DHAKA

TWO state-owned banks in Bangladesh are to be denationalised soon in line with the policy of the martial law Government to boost private sector industry and commerce and to reduce the size of the public sector.

Private sector insurance companies are also to be allowed under an extension of the policy, expected to be announced early next month.

The banks are Pabli and Uttara, which were nationalised along with other financial institutions 11 years ago after the formation of the state. Pabli, formerly Eastern Mercantile Bank, has been valued at 160m takas (US\$38.4m) and Uttara, formerly Eastern Bank Corporation, at 200 takas. Both banks have been turned into limited companies in the past two months and share issues are due next month.

The banks were nationalised partly because some major shareholders came from West Pakistan and left Bangladesh when Pakistan was split. Nationalisation was also in line with the socialist policies of the first Bangladesh Government.

Moves towards denationalisation were started in 1976 but have been accelerated since Lt-Gen H.M. Ershad seized power in March last year.

Several private sector banks have been created since the public sector policy was relaxed, including City National, Arsal, Bangladesh United Commercial and Islamic Bank. Foreign banks in Bangladesh, such as Grindlays, Chartered and BCCI Overseas, were not affected by the nationalisation measures. Shares in Pabli Bank are to be offered to its former owners, then Bangladesh citizens work-

ing abroad, before there is a general offer to the public. The former owners are arguing about terms, worried that the Government might bite the bank's business by withdrawing some of the public sector business which has helped Pabli to grow from 100 branches to 376 branches in the past 11 years.

They want only to put down 25 per cent of the total value of shares they buy, paying the remainder over five years. However, the Government wants a down payment of 50 per cent. The former owners include the Siddiqui and Namorallatnam families. While the future ownership of Pabli is still not clear, Uttara is expected to finish up in majority ownership of the Zahurul Islam family, which controlled it before nationalisation.

### Standard Chartered Finance B.V.

(Incorporated with limited liability and established in the Netherlands)

**US\$100,000,000**  
Guaranteed Floating Rate Notes 1991

Guaranteed on a subordinated basis as to payment of principal and interest by



### Standard Chartered Bank PLC

(Incorporated with limited liability in England)

In accordance with the provisions of the Notes, notice is hereby given that for the six months period (182 days) from 18th November 1983 to 18th May 1984 the Notes will carry interest at the rate of 10 1/2 % per annum.  
The interest payment date will be 18th May 1984. Payment which will amount to US\$15.03 per US\$10,000 Note, will be made against surrender of Coupon No. 5.

J. Henry Schroder Wagg & Co. Limited  
Agent Bank

### The Industrial Bank of Japan Finance Company N.V.

U.S.\$50,000,000  
Guaranteed Floating Rate Notes Due 1988



In accordance with the terms and conditions of the Notes and the provisions of the Agent Bank Agreement between The Industrial Bank of Japan Finance Company N.V., The Industrial Bank of Japan Limited and Citibank N.A., dated November 16, 1981, notice is hereby given that the Rate of Interest for the initial interest period has been fixed at 10 1/2 % p.a. and that the interest payable on the relevant Interest Payment Date, May 18, 1984, against Coupon No. 5 will be US\$15.03.

November 18, 1983. London  
By: Citibank, N.A. (CSSI Dept.), Agent Bank

CITIBANK

## Brown Shipley expects to hold profits



## UK COMPANY NEWS

## Electronics boost Plessey to £80m

AN IMPROVEMENT of £7.3m to £42.7m in second quarter pre-tax profits helped the Plessey Company, the telecommunications and electronic systems group, to lift its figures for the six months to end-September from £86.94m to £90.93m, an increase of 20.9 per cent.

All divisions of the group contributed to the improved results, in particular the electronic systems and equipment side where operating profits rose by 55.2 per cent over the half year.

Group turnover, at £563.19m (£451.47m), and operating profits, £66.02m (£53.44m) were 39.2 per cent and 23.5 per cent higher respectively. Average profit margins on turnover were 11.3 per cent, compared with 11.8 per cent.

Lower interest rates in the UK reduced investment income from £17.71m to £15.51m but this was balanced by a £2.29m reduction in interest charges to £4.13m.

Associates share of profits rose from £2.2m to £3.5m.

Telecommunications turnover at £267.5m increased by 28.8 per cent for the half-year and operating profits were 1.5 per cent higher at £31.24m.

In the U.S., Stromberg-Carlson Corporation, acquired in October 1982, contributed sales of £49.7m and incurred an operating loss

## HIGHLIGHTS

Lex looks at the implications of the Chancellor's statement for the UK markets. The column also examines Plessey's progress in the six months to September, and assesses the impact of the loss of its telecommunications director, Kwik Save Discount, featured in Lex, has maintained its steady progress with a 16 per cent rise in profits before tax. Third quarter figures from Philips are also being looked at in Lex. The results disappointed the market with a lower than expected profits increase on the back of this year's economic recovery.

Electronic systems achieved substantial growth over the period with turnover up by 47.3 per cent to £197.7m and operating profits ahead by 55.2 per cent to £18.97m.

Aerospace and engineering increased profits by 37.7 per cent to £7.53m mainly due to further improvements in the UK and the benefit of loss elimination in the U.S.

Microelectronics and components produced considerable growth with higher margins in a buoyant market, and profits were up 47.1 per cent at £3.4m. Computer peripherals reduced a loss of £1.67m in 1982 to £0.19m in the half year.

The group balance sheet remains strong. Cash and liquid

resources increased from £271.5m to £290m during the six months.

Earnings for the half year totalled 6.09p per 50p share, an increase of 20.1 per cent over the same period last year.

Tax for the first half accounted for £34.75m (£28m) and minorities £1.49m (£937,000). Profits before extraordinary items amounted to £44.68m, compared with £37m.

As at September 30 1983 the group's order book (£1.41bn, against £1.27bn) by division showed: telecommunications £534.97m (£496.58m at October 1 1982), electronic systems and equipment £733.35m (£693.63m), aerospace and engineering £102.11m (£81.67m), microelec-

tronics and components £52.57m (£49.43m), computer peripherals £7.33m (£4.66m) less inter-company content £18.93m (£20m).

For the 1982-83 year the group pushed its pre-tax profits up to £146.36m, an increase of 31.3 per cent over the £111.44m returned the previous year.

Following the announcement of the half-year results Plessey chairman, Sir John Clark, said he expected the U.S. telecommunications company, Stromberg-Carlson, to break even or make a small profit in the final quarter of the year, despite some "slippage" in orders. He added that there were hopes it would be "modestly profitable" next year.

Mr Peter Marshall, deputy chief executive, said the group had been making considerable investments in its telecommunications activities during the first half.

Investments in new products rose by £10m to £20m, with marketing expenditure ahead also by £10m to £45m. Investment in fixed assets totalled £17m. The group's UK workforce stood at 30,273, compared with 30,890, a year ago.

See Lex

## Lep Group profits tumble to £864,000

A SHARP drop in pre-tax profits from £1.66m to £864,000 is in line with expectations at Lep Group for the first half of 1983. The directors say that the year is one of transition and it is too early to forecast with any accuracy results for the year as a whole.

Turnover of this international freight forwarder moved up from £36.73m to £37.96m.

As indicated in their annual report last July, the directors say that there continues to be an improvement in trade in the UK, Canada and Australia. However, in West Germany, there is still little sign of a long awaited upturn in exports.

The net interim dividend has been held at 4p. In the last full year a total of 17.5p was paid from pre-tax profits of £2.6m (£2.35m) on turnover of £27.1m (£26.2m).

For the first half results in West Germany, Australia, New Zealand and the U.S. were substantially lower than in the first half of 1982 but to some extent have been offset by improved results in the UK, Canada and Australia.

REDUCED INTEREST charges and a "significant" improvement in its vehicle distribution, the group's main responsibility for a sharp rise in profits at LCP Holdings for the six months ended September 30 1983.

At the pre-tax level, they advanced by £1.35m to £3.35m after deducting interest charges of £2.79m, a reduction of £742,000 over those of the same period last year—a lowering of group borrowings remains a prime objective.

In his interim report Mr David Rhead, group chairman, says the policy of concentrating on strengths and reducing participation in unrelated activities through the redeployment of assets will continue.

He told members that he is now satisfied that LCP is on course for a period of "sustained growth with an improving quality of earnings from key market investments across a wide geographical base."

Turnover for the opening half ended from £195.38m to £198.13m.

Tax rose from £1.18m to £1.61m and minorities accounted for £24,000 (£58,000).

Available profits emerged at £1.72m, compared with £769,000, equal to earnings of 2.6p (1.5p) per 25p share.

The net interim dividend is held at 1.5p—a final of 1.5p was paid for 1982-83 from taxable profits of £41.5m.

A divisional breakdown of group trading profits (£6.14m, against £5.53m) shows: investment property £1.52m (£1.47m), vehicle distribution £1.45m (£880,000) and France £139,000 (£240,000).

Mr Rhead says that in the UK the group has derived from vehicle distribution and automotive parts improved significantly over the last six months. He adds that the rationalisation of BL dealer-

## LRC profit advances 27% to £7m for six months

FOR THE half year ended September 30 1983 LRC International, the household products, healthcare and industrial services group, has achieved a 27 per cent rise in pre-tax profits, from £5.8m to £7m. After tax, the net balance advanced by 43 per cent to £4.36m.

Increased profits came from the main UK division, LRC Products, and from the European North American and Industrial Holdings divisions. Growth in sales volume and profits were achieved in main consumer products lines.

Significant increases were recorded by the photo processing company, both in the existing business and as a result of recent acquisitions. The group's total performance for the first half reflects the seasonal nature of that business with most of ColourCare International's annual profits being generated in this period.

Turnover for the half year rose by 15 per cent, from £69.57m to

£80.17m, and trading profit increased by 26 per cent to £2.18m (£1.68m). After tax £2.97m (£2.45m) and minorities £3,000 (£50,000) were added. Earnings were £4.36m (£3.01m). Earnings are shown at 4.36p (3.06p).

The interim dividend is effectively increased from 0.95p to 1.15p net. For the year ended March 31 1983 a total of 2.85p was paid from pre-tax profits of £12.2m.

comment

LRC is a prime example of how difficult it is to bring off an out-of-date corporate image. Even though contraptions are only accurate for a quarter of group sales, the company still finds it necessary to emphasise their declining importance in a group context. The latest opportunity possible for the year, as a result of recent acquisitions in the photo processing field which, apart from consolidating the group's diversification pro-

gramme in a highly competitive area, is changing the seasonal nature of earnings in the group. At one time there was a distinct seasonal bias to the profits picture, but the acquisition of businesses, which are the equal of contraptions—at least in sales—now give more balance to the two halves. While there is still significant potential in North America and rationalisation benefits to come through in Europe, organic growth is going to be difficult in the important home market. This points to more acquisitions which, depending on size, could mean a cash raising exercise given that gearing is, at present, a little higher than the level in March when borrowings amounted to 39 per cent of shareholders' funds. With about £14m possible for the year, against £12.5m, the prospective fully taxable p/e is almost 15 at 117p—slightly below the health care sector average.

## Vehicles help LCP pass £3m

ships in the Midlands, improved performance by the group's General Motors franchise in the South of England and continued strength in the Ford operations enabled LCP to take maximum advantage of a buoyant market in new car sales.

He comments that margins improved in automotive parts distribution following last year's reorganisation.

Conditions in metals, property development and construction remained competitive, and the chairman points out that the group was unable to maintain last year's performance.

comment

LCP's share price has for some while been discounting sustained recovery, so even the 67 per cent rise in profits announced yesterday came as something of a disappointment and the shares slid 6p to 85p.

The increase in profits from Whitlock USA, the key to LCP's profits, is slightly deceptive, due as it is to currency translation benefits. LCP is in the midst of a very rapid expansion of Whitlock, which

will involve the opening of up to nine new superstores between now and the year end. For this reason speculation about a drop of Whitlock shares on the New York Stock Exchange is premature. LCP will wait until 1984 to see the results of the current expansion.

However, more likely is a demerger of around 30 per cent of the vehicle distribution business on to the London market. As a further move to reduce its 80 per cent gearing ratio, LCP is considering disposal of its metals business, although that would also involve some write-offs.

Previously LCP had considered issuing about £25m of long term debt on the back of its property portfolio. That idea is now back on the shelf: having had a rights issue this year at 46p per share, LCP can appreciate the virtues of patience. The company looks set to make about £3.5m for the year, putting the shares on a prospective dividend of 1.5p, which is something of a triumph to LCP's management. On a maintained final, the shares yield about 6 per cent.

## Aquascutum forecasts profit rise

First half pre-tax profits at Aquascutum Group—down from £228,000 to £95,000—were affected by reorganisation costs, but the directors say that full year results are likely to exceed last year's.

However, in the last full year pre-tax profits fell sharply from £1.08m to £333,000. At that stage the director predicted reorganisation would be complete by the year end and that the company would then start to move towards improved profitability.

For the first six months to the end of July 1983 turnover of this maker of high quality clothing was little changed at £11.3m (£11.19m).

The directors say that the reorganisation is near completion.

The net interim dividend has been held at 0.75p—in the last full year a total of 2.05p was paid.

Tax for the half year amounted to £42,000 (£103,000).

Frizzell Group

The Frizzell Group is in negotiations which may result in their acquiring F. Bolton (Holdings).

## EMAP rises 20% to £2m

A JUMP of 20 per cent in pre-tax profits has been shown by East Midlands Allied Press for the 26 weeks to October 15 1983, to produce a record figure of £2.1m, compared with an adjusted £1.75m.

Mr Frank Rogers, chairman, is confident that results for the full year will show an improvement on the £3.64m achieved before tax last year.

Turnover for the first half grew from £27.98m to £31.19m.

Comparative results have been adjusted to reflect the change in accounting policy regarding April issues of monthly magazines, as already reported.

Mr Rogers goes on to say that he expects publishing operations—newspapers and periodicals—to contribute higher profits for the full year than they did last year.

Although utilisation of a new newspaper press at Woodston continues to improve there is inevitably a high level of cost during the build up, he says.

Readwell, the group's retail division, continues to trade satisfactorily, he says.

The net interim dividend has been effectively lifted from 0.7p to 0.77p. In the last full year the equivalent of 2p was paid. For the first half earnings per 25p share moved up from an

adjusted 2.1p to 2.5p.

Last July the directors said they remained confident publishing activities would show further improvements this year, through the market for contract printing remained competitive.

At that stage, however, group profitability remained ahead of budget.

Mr Rogers now says that the advance in profits is in accordance with board expectations.

The major improvements in profitability came from provincial newspapers, national publications, business and computer publications and contract printing.

During the period advertising revenue on the provincial newspapers side was 10 per cent ahead of last year—sales revenue rose by 8 per cent.

Advertising volumes continue to improve slowly, says Mr Rogers, the main increase coming from a steady advance in employment advertising.

Trading profits for the first half were ahead from £1.6m to £2.06m, to which was added £45,000 (£88,000) investment income.

Interest charges came to less at £19,000 (£39,000).

Tax—which has been estimated at 40 per cent—amounted to £841,000 (£700,000). The attributable balance emerged

ahead from £1.06m to £1.28m.

comment

EMAP's first-half figures are slightly away because of the accounting adjustments to last year's results, giving a pre-tax increase of a fifth rather than a 10 per cent rise on previously stated profits. Nevertheless, the underlying trend is once again firmly upwards, with the latest results putting the company on course for a record year.

The improvement is virtually across the board, dented only by the unspecified six-figure development costs of Micromet, and other start-up costs, which have been taken above the line.

From the optimistic noises being made in the newspapers and periodicals divisions, the most encouraging part of the state-

ment is that the computer publications are going to pitch in profits this year for the first time against the background of stiff competition. There should be continuing benefits to filter through from the new £4.5m press in Peterborough. Around £4.6m should be possible this year, against £3.4m last time, which sets the 85p share on a prospective fully-taxed p/e of over 14—a rating which reflects Micromet and the likely Reuters windfall, which could bring in around £7m.

## Mountview Estates

An increased interim dividend, up from 0.7p to 1p net, is proposed by Mountview Estates, the property dealing and investment company. Last year a final of 3p was also paid.

Mr W. D. J. Sinclair, the chairman, says the board expects profits for the full year to March 31 1984 to compare favourably with the £3.4m (£2.7m) reported in the year to March 31 1983.

## Listings cancelled

The listings of Williams Harns, Group Ltd (Holdings) and Fladley Hardware Group were cancelled yesterday. The Inland Revenue has stated that shares or loan stock becomes of negligible value for the purpose of capital gains tax calculations in the fiscal year 1983-84.

No bargains will be permitted under Rule 103(2) other than those in accordance with Part E of Permanent Notice C-28.

Indications are that this trend will continue at least into the early part of 1984 and contrary to the chairman's earlier warning of reduced after-tax profits for the full year to February 1984 he now feels able to predict "with confidence" that after-tax profits for the six months will exceed the £553,000 of the previous year.

Group turnover for the first six months totalled £3.97m, compared with £3.14m last year. Exchequer levy took £27,000.

The interim dividend is being stepped up from 1.1p to 1.2p net per 10p share—a final of 2.5p was paid previously.

The Queens Cross studios development, which will provide new technical areas and additional office accommodation, has been completed. The group has taken a long lease of a purpose-built development at Huntly Street, Inverness, where an exist-

ing building is being converted to a new interview studio and associated offices. These should be ready for occupation next spring, by which time Grampian will have established a permanent presence in Inverness.

The directors say this will greatly facilitate the group's news and current affairs coverage of the Northern and Western part of its transmission area.

## Grampian TV falls £80,000 but predicts better year

ALTHOUGH first half pre-tax profits at Grampian Television were £80,000 lower at £222,000 prospects for the second six months are "encouraging" as television advertising revenue is buoyant at present.

Indications are that this trend will continue at least into the early part of 1984 and contrary to the chairman's earlier warning of reduced after-tax profits for the full year to February 1984 he now feels able to predict "with confidence" that after-tax profits for the six months will exceed the £553,000 of the previous year.

Group turnover for the first six months totalled £3.97m, compared with £3.14m last year. Exchequer levy took £27,000.

The interim dividend is being stepped up from 1.1p to 1.2p net per 10p share—a final of 2.5p was paid previously.

The Queens Cross studios development, which will provide new technical areas and additional office accommodation, has been completed. The group has taken a long lease of a purpose-built development at Huntly Street, Inverness, where an exist-

The Lombard 14 Days Notice Deposit Rates

9% per annum

Lombard North Central PLC  
17 Bruton St, London W1A 3DH  
For details phone  
01-409 3434 Ext 484

LADBROKE INDEX  
714-719 (+3)  
Based on FT Index  
Tel: 01-483 5261

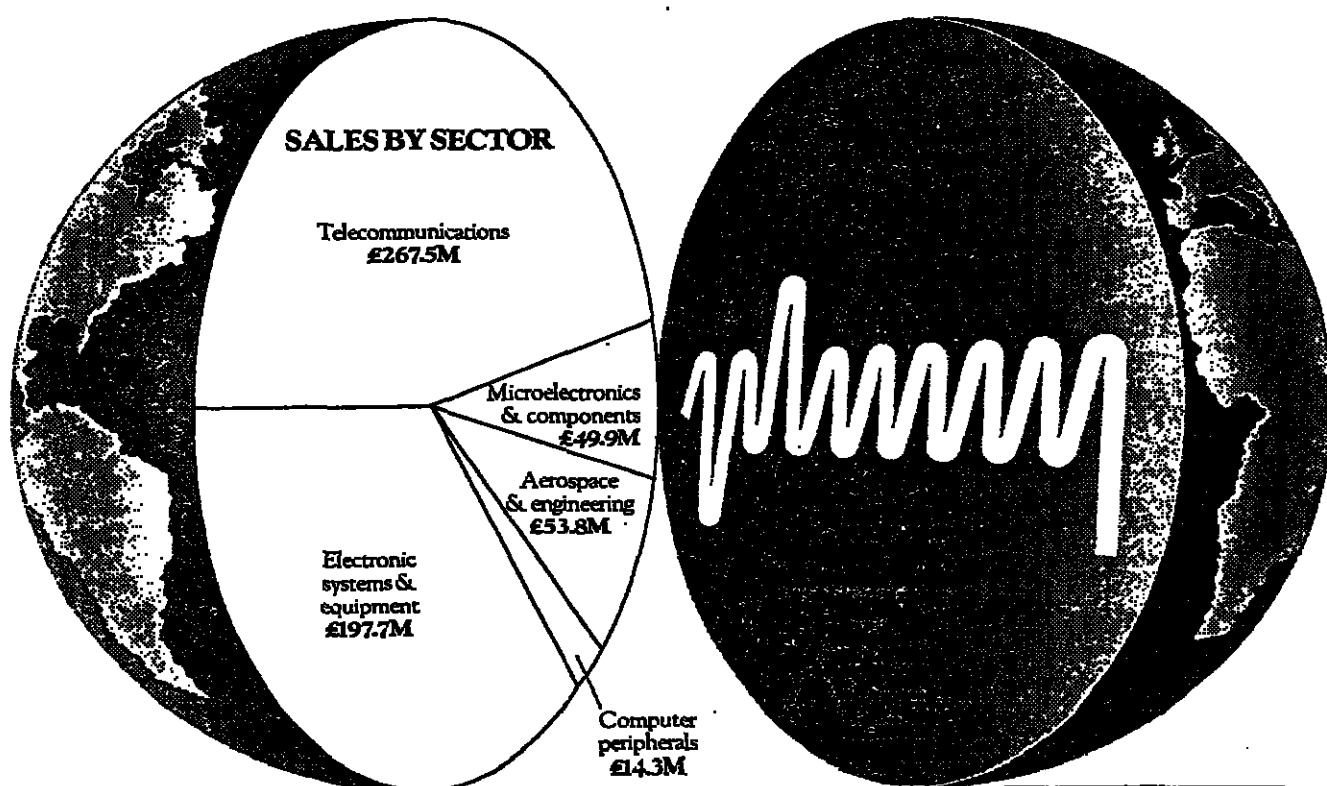
## Granville &amp; Co. Limited

Licensed Dealer in Securities  
27/28 Lovat Lane London EC3R 8EB Telephone 01-621 1212

## Over-the-Counter Market

1982-83	Company	Price	Change	Gross Yield	Fully
High 120	Ass. Brit. Ind. Ord.	125	—	8.4	8.1
126	Ass. Brit. Ind. CULS.	125	—	8.4	8.1
77	Airsprung Group	77	—	6.1	7.3
46	Amalgamated & Rhodes	46	—	2.7	2.0
202	Bardon Hill	202	—	7.2	8.0
54	Bry Technology	54	—	2.7	2.0
151	CCCL Type Conv. Pref.	151	—	16.7	11.3
270	Cintra Group	270	—	12.2	14.4
45	Deborah Group	45	—	6.0	11.3
184	Frank Horrell	184	—	8.7	8.5
188	Frank Horrell	188	—	8.7	8.5
85	Frederick Parker	85	—	7.1	15.7
55	George Blair	55	—	7.3	14.4
100	Imperial Castings	100	—	11.4	14.2
204	Isle Conv. Pref.	204	—	1.1	8.3
114	Jackman Group	114	—	4.5	4.2
237	James Burroughs	237	—	1.4	5.4
280	Robert Jenkins	280	—	15.1	10.2
35	Scruttons "A"	35	—	2.7	8.0
167	Taylor & Carlisle	167	—	2.9	3.8
420	Trevin Holdings	420	—	1.0	6.6
29	Unifac Holdings	29	—	8.9	7.7
80	Walter Alexander	80	—	17.1	6.8
226	W. S. Yeates	226	—	17.1	6.8

## Outstanding performance. Worldwide.

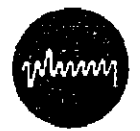


## 1983-84 HALF-YEAR RESULTS

- Sales up 29%.
- Pre-tax profit up 21%.
- Earnings per share up 20%.
- Orders at record £1.4 billion.

## An extract from The Plessey Company's unaudited consolidated results.

	26 weeks ended 30 September 1983	26 weeks ended 1 October 1982	52 weeks ended 1 April 1983
Sales	583.2	451.5	1,074.8
Operating profit	66.0	53.4	119.0
Profit before taxation	80.9	66.9	146.4
Earnings per share	6.09p	5.07p	11.33p



**PLESSEY**  
The Plessey Company plc,  
Vicarage Lane, Ulford, Essex IG1 4AQ.



## BASE LENDING RATES

A.B.N. Bank	9.75%	Heritable & Gen. Trust	9.75%
Allied Irish Bank	9.75%	Hill Samuel	9.75%
Amro Bank	9.75%	H. H. & Co.	9.75%
Henry Ansbacher	9.75%	Hongkong & Shanghai	9.75%
Arbutnot Latham	9.75%	Kingsnorth Trust Ltd.	10.00%
Armo Trust Ltd.	9.75%	Knowles & Co. Ltd.	9.75%
Associates Cap. Corp.	9.75%	Lloyds Bank	9.75%
Banco de Bilbao	9.75%	Malindi Bank	9.75%
Bank Hapoalim B.M.	9.75%	Meghraj & Sons Ltd.	10.00%
BCCI	9.75%	Midland Bank	9.75%
Bank of Ireland	9.75%	Morgan Grenfell	9.75%
Bank Leumi (UK) plc	9.75%	National Bk. of Kuwait	9.75%
Bank of Cyprus	9.75%	National Girobank	9.75%
Bank of Scotland	9.75%	National Westminster	9.75%
Banque Paribas	9.75%	Norwich Gen. Tr.	9.75%
Banque de Rome	10.00%	R. Raphael & Sons	9.75%
Barclays Bank	9.75%	P. S. Refson & Co.	9.75%
Beneficial Trust Ltd.	10.00%	Roxburgh Guarantees	9.75%
Brewer Holdings Ltd.	9.75%	Royal Trust Co. Canada	9.75%
Brit. Bank of Mid. East	9.75%	Standard Chartered	9.75%
Brown Shipley	9.75%	Trade Dev. Bank	9.75%
CL Bank Nederland	9.75%	TCB	9.75%
Canada Perm. Trust	9.75%	Trustee Savings Bank	9.75%
Castle Court Trust Ltd.	9.75%	United Arab Bank	9.75%
Cayzer Ltd.	9.75%	Volksbank Int'l. Ltd.	9.75%
Cedar Holdings	9.75%	Westpac Banking Corp.	9.75%
Charterhouse Japhet	9.75%	Whiteway Ltd.	9.75%
Choulatons	10.00%	Williams & Glyn's	9.75%
Citibank Savings	10.00%	Wittrust Sec. Ltd.	9.75%
Clydesdale Bank	9.75%	Yorkshire Bank	9.75%
C. & Coates	9.75%		
Comm. Bk. of N. East	9.75%		
Consolidated Credit	9.75%		
Co-operative Bank	9.75%		
The Cyprus Popular Bk.	9.75%		
Dunbar & Co. Ltd.	9.75%		
Duncan Lawrie	9.75%		
E. P. Trust	9.75%		
Exeter Trust Ltd.	10.00%		
First Nat. Fin. Corp.	11.00%		
First Nat. Secs. Ltd.	10.00%		
Robert Fraser	9.75%		
Grindlays Bank	9.75%		
Guinness Mahon	9.75%		
Hambros Bank	9.75%		

## BIDS AND DEALS

## Tarmac acquires foothold in concrete block market

BY DAVID DODWELL

Tarmac, the quarrying and civil engineering group, has bought the concrete building block operations of the privately-owned C. A. E. C. Howard Group in a cash and shares deal worth about £25m.

The deal forms part of Tarmac's policy of building up businesses producing higher value-added goods. Until now, it has had no involvement in the manufacture of concrete building blocks, despite being a supplier of aggregates for their manufacture, and a major user of block as the third largest house builder in the UK.

The deal is Tarmac's fourth in as many months. Together they have cost the company about £27m.

Mr Graham Odgers, Tarmac's finance director, said yesterday that the company had bought two Howard subsidiaries—Hemelite and Alpha-Hite. Tarmac will pay £25m by issuing £15m of 10% shares and £10m in cash.

institutional investors. The remainder will be paid in cash. Tarmac's shares rose by 8p on the Stock Exchange yesterday, to close at 419p.

Mr Odgers added that along with expansion in the manufacture of block top for roads, and of ready-mix concrete, block manufacture will add to the higher value added products now manufactured by Tarmac.

Tarmac's rapid expansion programme has followed four lines of policy, Mr Odgers said. First is the aim of expanding operations in the south of England. Second is to develop sand and gravel quarrying as opposed to stone quarrying which has been a traditional Tarmac stronghold. Hemelite is one of the UK's biggest manufacturers of concrete blocks. It accounts for just under 10 per cent of the UK market, according to Mr Odgers, and last year had a turnover of between £15m and £20m.

It operates 12 plants throughout England, and supplies blocks

to the housing sector, both private and public, and for industrial and commercial buildings.

Mr Brian Howard, chairman of Hemelite, will remain as the company's chief executive, and will join the board of Tarmac's quarry products division.

The third aim has been to expand overseas. This began three years ago with acquisitions in the U.S. and has been followed by a purchase in South Africa. The final aim has been to expand the manufacture of value added products.

This expansion has had a marked impact on Tarmac's turnover and profits, and has been linked with an increase in market capitalisation over the past 4 years from less than £100m to almost £550m.

For the first six months of 1983, Tarmac earned pre-tax profits of £22m, up 10 per cent from the £20.1m profit reported in the first half of 1982.

## Staveley makes French acquisition

Staveley Industries, international engineering and steel products group, yesterday established a manufacturing foothold on the continent for its fast-growing non-destructive testing group when it agreed the purchase of a private French company, Automatisation Internationale.

Neither side disclosed the price paid for Automatisation, which was founded in 1976 by the de Terny family.

Mr Brian Kent, Staveley's chief executive, said yesterday: "By buying the company we have added a market outlet for Europe, and have added a technology in terms of robotics that will be fed back to the United States."

Over the past three years, Staveley has built up a group of six companies in the area of non-destructive testing. Four of these are in the U.S. and group operations are run from there.

The French acquisition comes just a month after Staveley's £10m move into West Germany, where it bought Allstar GmbH, a houseware manufacturer, for about £15m. A further substantial overseas acquisition is expected by January.

Automatisation employs about 50 people at a factory in Thionville and a research and marketing office in Paris. Its computer controlled testing equipment is used in Europe, and in some French overseas territories.

Staveley has undergone major reorganisation over the past three years. Disposals amounting to about £25m—most prominently the sale of Peakstone aggregates for £14m—have accompanied closures that have cost the company £15m.

Weakness of sterling against the U.S. dollar has adversely affected Staveley's exports over the past year, particularly in non-destructive testing. As a result, Mr Kent warned last week that it will not be easy to match the profit levels of 1982.

In the six months to October 1983, Mr Kent also reported that Staveley's pre-tax profits of £20.1m on turnover of £73.36m. This compares with profits of £15.4m on a £71.21m turnover at the interim stage last year.

## MINING NEWS

## New mine will boost Dome's gold output

BY GEORGE MILLING-STANLEY

CANADA'S NEWEST gold mine, the £130m (£72m) open-pit operation at Detour Lake in north-eastern Ontario, is expected to add about 30,000 oz of gold to the current annual output of the Dome mine group once it reaches full production.

The mine, about 450 miles north of Toronto, has just been officially opened and is believed to contain over 30m tons of ore down to a depth of 1,500 ft, with a strong possibility that the ore body will continue on down to something like twice that depth.

The average gold grade is about 0.113 oz (3.3 grammes) per ton, with grades improving at greater depths.

The ownership of Detour Lake is split equally between Campbell Red Lake Mines, a 57 per cent-owned subsidiary of Dome Mines, and Amoco Canada Petroleum, a unit of Standard Oil of Indiana. Campbell is the operator.

Mr Henry Brehaut, operations vice-president of Campbell, estimates operating costs at C\$308 per ounce of gold produced once the mine is running at the regular rate of 2,750 tons of ore per day.

Work has already begun on an underground mine to develop the reserves at deeper levels than those accessible from an open pit. The estimated capital cost of C\$110m includes the extension of the plant capacity to 4,000 tons per day.

When the whole operation comes on stream in early 1987, Detour Lake should be able to produce something like 200,000 oz of gold a year.

Campbell's share of current production of 50,000 oz a year will be a welcome addition to the 215,000 oz from the original mine at Detour Lake, also in Ontario, but it is not expected to have a dramatic impact on profits.

Grades are lower and operating costs higher than at the existing operations, and one analyst has suggested that Detour Lake will add only about 10 cents a share to Campbell's net earnings in 1984.

Campbell has also announced its results for the third quarter and first nine months of the year. The sharply higher gold price and increased production over the first nine months combined to give the company net profits of C\$40.54m, up from C\$37.17m at the same stage of last year.

Third quarter net profits were C\$11.9m, compared with C\$10.5m in the second quarter. Sigma Mines (Quebec), another gold producer in the Dome group, had net profits of C\$7.5m at the nine months stage, against C\$5.2m last year. Third quarter profits were C\$1.3m, up from C\$1.1m in the same period of 1982.

Campbell produced 167,267 oz of gold during the nine months, with Sigma adding 47,366 oz.

## ROUND-UP

A fire 2,200 metres underground at the Kioof gold mine in the Gold Fields of South Africa is burning under control, the company said. The fire is being directed towards a previously burned-out area and an unmined dyke.

Initial indications are that there will be a small loss of production.

Recent drilling at the Golden Pig prospect of Brunswick Oil, near Southern Cross in Western Australia, has shown grades in excess of 7 grammes of gold per tonne, according to Mr Tony Rechner, chairman.

The chairman added that the company will have a better idea of the prospect's feasibility when the results of the current drilling programme become available early next year.

## BANK RETURN

	Wednesday November 16 1983	Increase (+) or Decrease (-) for week
<b>BANKING DEPARTMENT</b>		
Liabilities	£	£
Capital	14,593,000	-
Public Deposits	57,288,106	+ 2,516,255
Bankers Deposits	688,894,688	+ 31,748,213
Reserve and other Accounts	1,625,866,034	+ 602,738
	2,376,700,839	+ 35,461,750
Assets		
Government Securities	439,576,857	+ 67,486,000
Advances & other Accounts	870,740,847	+ 13,214,671
Premises Equipment & other	1,060,393,413	+ 46,303,831
Notes	6,801,212	- 941,956
Corr.	1,562,512	+ 7,910
	2,376,700,839	+ 35,461,750
<b>ISSUE DEPARTMENT</b>		
Liabilities	£	£
Notes Issued	11,390,000,000	-
In Circulation	11,583,195,788	+ 841,996
In Banking Department	6,801,212	- 941,956
Assets		
Government Debt	11,015,100	-
Other Government Securities	3,575,980,426	+ 119,017,379
Other Securities	7,905,054,474	+ 119,017,379
	11,596,000,000	-

## Debt financing for Micro Business

County Bank and Charterhouse Japhet have agreed to provide a multi-million pound term debt financing for Micro Business Systems (MBS).

Mr Clive Richards, chairman of MBS, said that this facility would enable the group to sustain the rate of growth of its rental portfolio of computer terminals, micro-computers and development systems and test equipment.

MBS will be able to use its generated cash flow and clearing bank resources for working capital requirements.

Rental portfolio grew by more than 75 per cent in the first half of 1983 compared with the similar period in 1982. The value of items now on rental contract exceeds £4.5m.

While the present facility would be provided by the two banks, they said that they intended to bring other banks into the syndicate in due course.

## Warner cleared

The proposed acquisition by Warner Communications Inc. of a 50 per cent shareholding in Polygram Group, will not be referred to the Monopolies and Mergers Commission.

The decision relates to the merger solely as it concerns the UK, and is in fulfilment of the Secretary of State's responsibilities under national legislation.

It is separate from, and has no direct bearing on, any decision or action the European Community might take.

## Eagle Star

No new moves from Allianz, the German bidder for Eagle Star, are expected this week. Although all the clearances and information it wanted appear to be in hand, it is now unlikely that the German group will say anything about whether or not it will be coming back with a rival offer to BAT until some time next week, possibly Tuesday.

## Burnett S.A. companies to merge

BY CHARLES BACHELOR

The loss-making South African coal mining interests of Burnett & Mallesmire, the Sheffield open-cast coal, oil and property group, are to be restructured under a plan announced yesterday.

Rand London Corporation is to make an agreed offer to the minority shareholders of Rand London Coal as the first step towards capitalising Coal's losses and paying the way for launching a number of new ventures.

The shares of both Rand Corporation and Rand Coal were re-listed on the London Stock Exchange yesterday at 20p after being suspended on November 7 at 25p and 20p respectively. Burnett's shares were unchanged at 15p yesterday but were 15p lower than their price immediately before the suspension.

Mr Eric Grayson, chairman of Burnett, said: "Rand Coal is

really not a viable commercial proposition because of its financing structure. It is financed almost entirely by loans, now totalling £12.8m (£12.8m), from Rand Corporation.

"There are certain things we can do if Rand Coal is a 100 per cent subsidiary of Rand Corporation. The financing then becomes immaterial and we can capitalise the loan without hurting the shareholders of Rand Corporation."

"Once Corporation has a stronger balance sheet we can start looking at joint ventures and other plans."

Rand Corporation will offer 100 of its own ordinary shares for every 100 Rand Coal ordinary shares. 70 of its shares, 100 of its own ordinary shares, will be offered for every 100 Rand Coal preference shares.

The merger will lead to an increase in the net asset value of the company. The new Corporation shares by 9.5 per cent to 86p.50. It will have no immediate effect on the earnings or dividends per share of either company as both are trading at a loss.

## West's Group warns holders not to sell

West's Group International, the civil and mechanical engineering company, yesterday warned shareholders against selling out to Espley-Tyas Property Group, which owned 14.9 per cent of the company's shares.

West said that as a specialist foundation contractor it had always felt it important to remain independent of general contracting. Mr Ron Shuck, chairman of Espley-Tyas, said West's piling division and his own construction activities are compatible.

Espley-Tyas, which has expanded rapidly in the past two years through acquisition, is mainly engaged in contracting, house building, property development, and investment.

It is separate from, and has no direct bearing on, any decision or action the European Community might take.

## Cope Allman offshoot sold in management buyout

MR MICHAEL ASHCROFT, newly-appointed chairman of Cope Allman, packaging, leisure and engineering group, said yesterday that the group had disposed of Bodmer-Elm, an importer of men's suits, to the company's management for about £350,000. He said the subsidiary's operations were "outside the group's major activities."

He also told shareholders at the company's annual meeting that the disposal of Cope's Australian subsidiary, Nutt and Middle, will be complete this week. Stocks have been sold for about £200,000, with the amounting to about £1m likely to be collected over the next 18 months.

He said company profits were "running at a higher level than the first half of last year," with sales for the first four months about 10 per cent ahead of the corresponding period last year.

The improvement comes at the end of two years of major rationalisation, Mr Ashcroft said. "We have sold a number of businesses to be sold."

Head office costs, which have already been trimmed, will fall further in January, when Cope move into new premises in Russell Street in London.

Mr Ashcroft, who heads the Hawley Group, became chairman of Cope last month after having built up a 25.9 per cent stake in the company. Mr Ashcroft was originally part of the Dowdall consortium which launched a £29.7m bid for Cope in March this year.

Cope Allman's shares improved by 1p on the chairman's comments, to close at 67p.

## BIDS AND DEALS IN BRIEF

Ward White Group, through its wholly-owned subsidiary Brankin Investments, has completed the sale of its retail shop properties to Best (Estates) for £2.24m cash. Best has agreed to lease back each property to Japay, another wholly-owned Ward White subsidiary, for 25-year terms at open market rentals reviewable every five years.

San Life Assurance has sold a further 140,000 Meerside Trust shares, reducing its holding to 1.36m shares, or 7 per cent of the equity.

Group to Mercantile House in August 1982.

The remaining shares owned by Cope Allman were sold to Mercantile House in August 1982.

The remaining shares owned by Cope Allman were sold to Mercantile House in August 1982.

Motorola has brought together its data communications subsidiary—Codex (UK)—and the UK division of its information systems group, which specialises

in the marketing of data processing and office automation equipment, to form a single organisation—Motorola Information Systems.

The company believes that its strong presence in data communications—where it works closely with the computer systems of other companies—puts it in a highly positive position for a formal launch into office automation. The Codex brand name will be retained for marketing many of the company's advanced data communications devices.

Argyll Group—Following completion of the merger to form Argyll Group, Globe Investment Trust holds 8.9m ordinary (5.1 per cent).

Amber Industrial Holdings—As a result of recent purchases the interest of the Prudential Corporation group of companies (together with that of the segregated funds, which manage for clients) amounts to 185,000 (7.08 per cent) ordinary—Prudential nominees 115,000 and Vanburgh pension 70,000.

Beechwood Group—Alco Western Investments has acquired 827,304 (12.34 per cent) of the issued share capital. H. Young Holdings—E. W. Davidson and family trusts own 166,500 shares (10 per cent).

Harris Queensway—Mr D. J. Stockwell, director, has sold 50,000 ordinary shares.

Reed International—Under a share option scheme, Sir Alex Jarratt, director, sold 21,374 ordinary shares at 58p each.

Crouch Group—As a result of a recent purchase, Frowling Holdings, together with a wholly owned subsidiary, now has a delectable interest in 11.5 per cent of the equity capital.

Rea Brothers—Scottish and Mercantile Investment is interested in 55.44 per cent of the equity capital. This includes 1,888,825 (5.18 per cent) owned by Scottish Cities Investment Trust, 1,448,879 (5.37 per cent) by Fashion and General Investment, and 2,068,959 (7.63 per cent) owned by Northern Shipbuilding and Industrial Holdings, and 618,226 (2.29 per cent) owned by Stocklake Holdings.

Archimedes Investment Trust—Mr A. W. F. Clapperton has sold 12,000 capital shares, reduc-

## KEITH COLLINS PETROLEUM CORP.

Highlights of the Special Meeting of Stockholders held at the Marriott Hotel, 6363 East Rand Avenue, Denver, Colorado on the 9th November 1983.

Mr Keith Collins, Chairman of Keith Collins Petroleum Corp. (K.C.P.C.) was pleased to announce that all matters before the meeting were carried by a majority of votes which included the proposal to acquire all outstanding stock of Gerber Energy Corporation (G.E.C.).

At a separate meeting the Stockholders of G.E.C. resolved to accept the Offer and Merger terms by which G.E.C. would be merged into a wholly owned subsidiary of K.C.P.C.

Mr Collins invited Mr Frederic Gerber, Chairman of G.E.C. to address the meeting. Mr Gerber said:

"G.E.C. is a young, fast-growing company. While we expect the continuation of this kind of growth our intention is to consolidate and broaden the base of G.E.C. The merger with K.C.P.C. is one of the moves in this direction."

Our well-established relationship with the European financial community through private investment groups—institutional as well as industrial partners—provide G.E.C. with a balanced and diversified funding source. This situation enables G.E.C. to take advantage of the excellent opportunities which the oil and gas industry offers. Never during the last three years has the quality and cost of deals been as good as it is today. Not only drilling costs but all other costs are down 25% to 30% from their peaks. Our activities consist not only of production purchases and development, but also large-scale exploration programmes which give the necessary exposure and romance to our fast-growing company. Also through its affiliate, G.M.C., G.E.C. is involved in mining in Australia and New Zealand. We are participating in 82 mainly precious metal prospects. One consists of a solid placer mine located in New Zealand and said plant is actually upgraded and extended. Production is expected to resume during the next thirty days at a cost of \$286 an ounce, which compares favourably with today's market price of \$350 an ounce.

As a result of the merger K.C.P.C. "owns" or has interests in undeveloped oil and gas leases covering approximately 524,000 gross (54,000 net) acres in fourteen States. It also has working and royalty interests in approximately 300 gross (39 net) wells. G.E.C. is the operator of 104 of the wells.

Mr Collins announced that he and the other Directors of K.C.P.C. would resign upon completion of the merger, and welcomed the appointment of the following Directors of G.E.C. to be Directors of K.C.P.C.:

Frederic Gerber, Chairman  
Ronald J. Hottovy  
Max P. Sommer  
Andre Plimley.

## WADE

Preliminary results for the year ended 31st July, 1983

- \* Pre-Tax Profits £733,540 (1982 £183,454)
- \* Dividend for year 2.2p per share (increase of 10%)
- \* New Marketing Company formed for high technology Ceramics

\* "...Year ahead should show further progress"

Anthony J. Wade, Chairman

Copies of the Report and Accounts will be available on 7th December from The Company Secretary.

WADE POTTERIES P.L.C. - STOKES-ON-TRENT  
Greenhead Street, Burslem, Stoke-on-Trent ST6 4AA

Manufacturers of a wide range of Technical and Ornamental Ceramics

## ARE COMMODITIES REALLY FOR THE CAUTIOUS INVESTOR?

They are with Broad Court

Once seen as speculative and specialised, the commodities, currency and financial futures markets have now become a mainstream investment activity, open to all investors, large or small.

Broad Court Investment Management Limited have a highly successful investment programme developed at a leading UK University that achieves conservative management with consistent high returns.

In addition, Broad Court have pioneered an independent insurance scheme that totally protects investors against fraud or default of any kind.

For a free copy of our report, "Commodities for the Cautious Investor", and for details of Broad Court's investment management services contact Martin Geldart on 01-621 1530 or complete the coupon below:

To: Martin Geldart, Broad Court Investment Management Ltd., 19/21 Great Tower Street, London EC3R 5AG

Please send free and without obligation:

☐ Investor's

☐ Details of Broad Court's Management

☐ Services

Name: \_\_\_\_\_

Address: \_\_\_\_\_

Tel No: \_\_\_\_\_

Broad Court

Investment Management Limited

## S.R. Gent plc

	1983 £000	1982 £000	% Change
Turnover	70,196	59,742	+17.5%
Profit Before Tax	5,184	4,261	+21.7%
Profit After Tax	4,825	3,894	+23.9%
Earnings per Share	14.6p	11.8p	+23.7%

- ★ In the current year to date UK sales are up 15%: this is greater than the growth achieved in the same period last year
- ★ Performance of the overseas companies is encouraging
- ★ Investment in new technology continues
- ★ Further expansion is planned in leisurewear and new textile areas
- ★ Continued growth is confidently expected and that the outcome for the year will be good

Winners of the Business Enterprise Award 1983

Copies of the Annual Report may be obtained from the Company Secretary, S. R. Gent plc, Dodworth Road, Barnsley, South Yorkshire S70 6JE.

fashion - flair - technology



## THE PROPERTY MARKET BY MICHAEL CASSELL

## Liverpool St plan is threatened

PROPOSALS for the £260m redevelopment of Liverpool Street and Broad Street stations, in the City of London, have run into serious problems. The continuing involvement of Wimpey and Taylor Woodrow—chosen by British Rail Property Board to carry out the scheme—is now in doubt.

Plans for the massive redevelopment project were, after years of uncertainty, finally unveiled just over a year ago when the two developers were named by the BR Property Board as partners in the project, hailed as one of the biggest office developments in Europe.

At the time, hopes were high that a start to the scheme—involving the reconstruction of Liverpool Street station and the development of around 1.25m sq ft of offices and shops—would be made in 1983.

Now, however, a start appears as far away as ever and the prospects for the whole project look uncertain. A leading member of the development team described the relationship between Wimpey and Taylor Woodrow and the Property Board as "fragile" and said it should be clear early in the new year whether the partnership is on or off.

A spokeswoman for BR Property Board would only say that it was discussing with Wimpey and Taylor Woodrow their future role in the proposed redevelopment.

Among the difficulties yet to be overcome is the continuing absence of any funding for the development. It is understood that preliminary talks with two institutions have been held but

that no agreement has been reached. Given the scale of the funds required and the current climate in the property market, the outlook is not encouraging.

But it also appears that there is a much more fundamental problem which, Wimpey and Taylor Woodrow believe, the Property Board will have great difficulty in overcoming and which centres on the premium due to the Property Board from the developers.

Given the severe cash limits being applied to British Rail, the Property Board was originally told that the Liverpool Street project could only go ahead if it could generate a premium to carry out vital railway works associated with the scheme. It has now become clear that this is unlikely, putting the whole project, as currently conceived, under threat.

A Wimpey spokesman said the Property Board appeared to face "an all or nothing" situation.

## Wells Fargo revaluation

THE portfolio of Wells Fargo Property Unit Trust, established in late 1982 for pension funds wanting to invest in United States real estate, is now valued at just over \$31m. There are five properties so far.

Excluding the Trust's most recent purchase—a \$2.8m industrial-office building in Minneapolis—the portfolio has shown a 10.7 per cent value increase since purchase.

tion, in which it had to extract certain sums from the project or face the prospect of not being able to go any further.

It is also understood that undertakings given by the Property Board, while seeking consent from the two local authorities involved in the redevelopment (the City of London and Hackney), might prove difficult to fulfil.

Failure to go ahead with the scheme would come as a severe disappointment to the Property Board, which has considered redevelopment of the 25-acre complex for many years.

Outline consent for the project was granted in 1979 but a submission for detailed consent was not made until 1981, when the Board had satisfied itself that its liability for Development Land Tax on the commercial element of the redevelopment would be less than first indicated. The plan envisages a nine-year development programme.

## Birmingham market begins to stir

THERE are some signs that confidence among developers and tenants in the Birmingham office market, hard hit by the recession is beginning to return.

Agents Elliott Son & Boyton, in a realistic report on the state of the local market, say take-up of prime office space in Edgbaston during 1983 has risen to 170,000 sq ft against 70,000 sq ft in 1982. The amount of space available, however, has risen by 54,000 sq ft to 226,000 sq ft. Top rents are \$6.50 a sq ft.

In the heart of the City, lettings only reached 58,000 sq ft against 81,000 sq ft in 1982. Available space rose by 50,000 sq ft to 160,000 sq ft. Prime rents remain at \$7.50 a sq ft.

British Rail has selected Beacomtree Estates, owned by Maldenhead-based contractors J. M. Jones and Clarke Nickolls & Coombs, for the £15.20m redevelopment of Oxford Station. Planning consent for a new station and 150,000 sq ft of office space will be sought in the new year.

Available air conditioned office space in the West End of London rose to over 2.2m sq ft during October, despite a big jump in lettings, from 76,000 sq ft in September to 196,000 sq ft last month.

Agents Leslie Lintott say no units in excess of 50,000 sq ft have been let for five months.

British Telecom is to occupy Derby House, the 29,300 sq ft office building in Bloomsbury put up by GRA Developments. The rent of £107,000 a year equates to about £3.65 a sq ft and the agents were Jones Lang Wootton and Brown & Merry.

Burhill Estates has let Belyn House, Monument Street, EC3, to Miro and Associates Agencies, the American insurance brokers, for an overall rent in excess of £20 a sq ft. Gooch & Wagstaff and Richard Ellis acted for Burhill and J. Trevor represented the tenant.

Barratt Commercial has let its second office development in London Road, Camberley, to West Systems. The 17,000 sq ft building was farward funded by Colonial Mutual Life Assurance and the tenant is paying £10.50 a sq ft. Pearson Williams acted for Barratt.

Warburg Investment Management, on behalf of pension fund clients, has purchased a 1,625 sq ft freehold shop in Union Street, Aldershot, for £485,000—to reflect a net yield of about 5 per cent. The shop is let to Jean Jeanie on a 25-year lease.

## Debut for Beckwith brothers

IT TAKES a certain amount of flair to sign up a tenant for an office block yet to be built in a field and for which there is no planning permission.

Fairly, however, appears to be in plentiful supply at London & Edinburgh Trust, which is about to become the first property company to win a full Stock Exchange listing since Standard Securities in March 1982.

The field in question is the old fairground site in Maldenhead, Berkshire, purchased for peanuts by L & E about four years ago but poised to become a valuable asset. The outcome of a second planning appeal is awaited and the group is confident that it will get the go-ahead for a 45,000 sq ft scheme, for which a local "blue-chip" tenant has agreed leasing terms.

Confidence is another commodity which appears commonplace around the group's stylish Knightsbridge headquarters, where final preparations are under way for next week's launch of the prospectus which will tell the L & E story.

It began in 1971 when John Beckwith, an accountant, and his brother Peter, a solicitor, started building luxury houses before moving on to commercial property. Since then, they have moved fast and made plenty of friends along the way.

The group puts itself among the "new breed" of property developers, unshackled by traditional attitudes and forever flexible in its approach to the business. Its now-proven ability to pick good sites, choose attractive schemes, find reputable development partners and em-

ploy a wide range of imaginative funding techniques, has made quite an impact.

Throughout, the emphasis has been on tight cost controls, high quality developments and on the limitation of potential development risks by forward-funding and either pre-letting or avoiding open-ended rental guarantees as part of the funding arrangements. These years in the usual maximum, thereby limiting risks on any one scheme.

At Royal Berkshire House, adjoining the group's recently completed Hamstead Hotel complex, it is developing a 70,000 sq ft scheme funded by the Civil Aviation Superannuation Scheme. Three years' rental was put aside in a special account, just in case, though a tenant is lined up.

It might all sound just a little too good to be true—especially at a time when property development is hardly considered the thing to do. But the proof of the pudding is in the profits and there are likely to be plenty of those. Last year, there were pre-tax profits of just over £1m but in 1983 they are likely to be several times higher and should continue to rise if the big development programme underway proves successful.

The L & E approach has enabled it to build up an extensive and diversified £250m development programme while operating from a relatively low capital base. The group has already completed about 30 projects of varying types and sizes—involving nearly 1m sq ft

of floor space—and currently has 20 schemes, comprising over 1.3m sq ft, underway. Behind it all, however, are not assets of around £16m.

The group's activities are centred on the south-east, only emphasis is on large schemes, a philosophy which has created partnerships with a long list of reputable developers and investors.

An increasing amount of work is being done through joint development companies like London and Metropolitan (Balfour Beatty) and Macwall Estates (Tarmac). L & E has a partnership with Guinness Peat on an office scheme in Basingstoke and a 50:50 with S1 and W1 in Basingstoke on the Basingstoke project, where it lined up a syndicated £47.5m non-recourse loan, to be drawn on as the scheme progresses. Its own maximum capital commitment is thought to be around £2m.

Peter Beckwith, claiming the group has not yet had a disappointing building, says its hands, though the development programme is only now gathering real momentum. Many of its current schemes are at least partially—some completely—pre-let and it is, however, with letters which will divide the outlook for profits and future expansion.

The absence of any sizeable investment portfolio means investors will be asked to buy on what they see, rather than on what already exists, but there will be no shortage of letters. Expect a price tag in excess of £25m.

## Phase II is nearing completion at Abingdon Industrial Park

So now you have the opportunity to view Europe's most up-to-date industrial park. It's extensively landscaped and situated at the heart of the high-technology triangle. Ten minutes south of Oxford with easy access to the M4, M40, Heathrow, London and the Midlands. Exceptionally well constructed units range from 2,700 sq. ft. to 36,000 sq. ft. each with up to 40 per cent office accommodation. For full details contact Joanna Brown on 0235 32732. Or return the coupon. Standard Life Property Sales Office, Abingdon Industrial Park, Marcham Road Abingdon, Oxon OX14 1AU.

Name \_\_\_\_\_  
Company \_\_\_\_\_  
Address \_\_\_\_\_

A development by Standard Life makes all the difference.

Agents: Phoenix Beard. Tel: 01-323 4681. Hillier Parker, May & Rowden. Tel: 01-629 7666.

**Well-Connected**  
**Wellingborough**  
**Enterprise Zone**

Enquiries to:  
**THE DIRECTOR OF DEVELOPMENT**  
Wellingborough Borough Council  
Council Offices, Tithes Barn Road,  
Wellingborough, Northants NN8 1BN  
Telephone: (0933) 229777

**DRIVERS JONAS** Chartered Surveyors  
16 Suffolk Street, London SW1Y 4HQ  
Telephone: 01-930 9731 Telex 917080

**BRACKNELL**  
**SUPERB NEW OFFICES**  
44,500 sq. ft. as a whole or in floors from 5,000 sq. ft.  
218 Private Parking Spaces.

Find out about the Barratt Moving-In Package. All the help you need to make the moving easy. Plus a unique office exchange scheme that can cure the headache of disposing of your existing premises.

Joint Agents: Pearson Williams (0276) 682501  
Debenham Tewson & Chinnocks 01-408 1161  
Barratt Commercial  
12 Carlos Place, London W1Y 5AG Tel: 01-493 9222

**DUKES PARK**  
**CHELMSFORD, ESSEX.**

**EASTERN ONE**

**A Major Distribution Centre of**  
**66,000 sq. ft. TO LET**

**King & Co** 1 Show Hill, London EC2A 3DL  
01-236 3000

**Abbotts** 01-236 3000

**ORC** ORC International Ltd

**Knight Frank & Rutley**  
City 01-283 0041

**EC3**  
**REFURBISHED OFFICE**  
2,816 sq. ft. approx  
**TO LET**

**BEAUCHAMP PLACE**  
**KNIGHTSBRIDGE, LONDON SW3**

**FREEHOLD**  
**RETAIL/COMMERCIAL INVESTMENT**

Well-sited in this unique and world-famous "special trading" location, close to Brompton Road and less than two hundred yards from Harrod's.

FULLY LET & PRODUCING £29,500 P.A. —  
WITH POTENTIAL FOR VERY SUBSTANTIAL IMPROVEMENT

**FOR SALE BY TENDER**  
CLOSING 8th DECEMBER 1983

Sole Selling Agents:  
**W.A. ELLIS** 01-493 8888

**SAVILLS**  
33/35 St. Mary Axe, London EC3  
450 - 4,440 sq. ft. of offices

\* Passenger lift \* Carpeting/suspended ceilings  
\* WCs on every floor \* Good natural light to front and rear  
\* Basement strongroom/storage

Lease to be for a term of 10 years

01-620 0831  
30 Cornhill London EC4A 3ND  
Telex: 82955 10

**Essex Street London WC2**  
**17,230 sq ft**  
**First Class Office Building**

\* Air conditioning \* Executive dining and boardrooms  
\* Lifts \* High quality partitions  
\* Covered car park

For details of lease contact  
**Weatherall Green & Smith** 01-405 6944  
22 Chancery Lane, London WC2A 1LT

From 31st October our new address will be  
**7 HANOVER SQUARE**  
**LONDON W1R 9HE**  
**TEL 01 499 8626**  
**TELEX 268884**

**St Quintin**  
CHARTERED SURVEYORS

**An International Property Service**

**WE'RE GOING PLACES FROM DOVER STREET TO 7 HANOVER SQUARE W1**

United Kingdom  
United States of America  
Belgium

**FH Friary House**  
**CRAWLEY**  
24,225 SQ FT OFFICES TO BE LET

\* new office development set in landscaped grounds  
opposite Crawley B.R. station. \* 10 minutes Gatwick Airport.

**Edward Rushton** Son & Retson  
01-493 6787

**Stiles Horton Ledger**  
0293 548331



# WINNERS TRIANGLE

Superb Location fronting A329(M) off Junction 10-M4

**Up to 93,000 sq.ft.  
of Offices and Light Industrial  
Accommodation  
with Flexibility**

One of Europe's Finest Industrial Developments

Fully Fitted for Immediate Occupation

**1 Headquarters Office Building** Up to 18,000 sq.ft.

▲ Automatic Passenger Lift

▲ Open Plan & Individual Offices Fitted to a High Standard

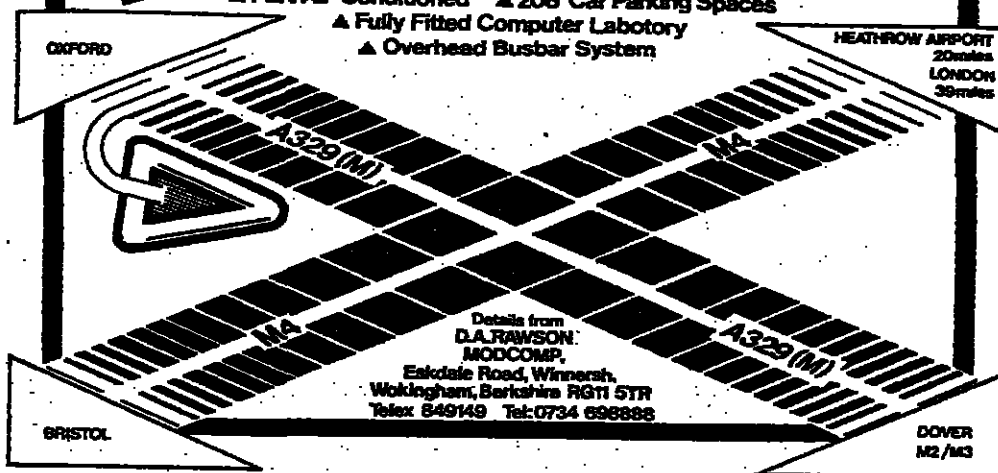
**2 Light Industrial** 22,000 sq.ft. to 50,000 sq.ft.

**3 Light Industrial** 23,000 sq.ft. Let

▲ Part Air-Conditioned ▲ 208 Car Parking Spaces

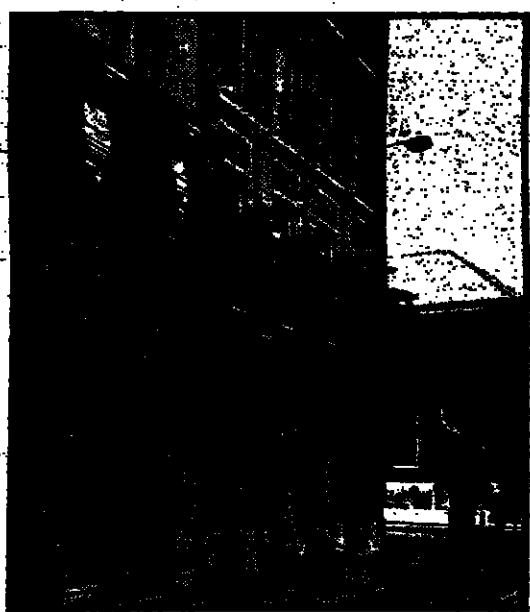
▲ Fully Fitted Computer Laboratory

▲ Overhead Busbar System



Details from  
D.J. RAMSON  
1000000  
Eskdale Road, Wincoburn  
Wokingham, Berkshire RG11 5TR  
Telex 849149 Tel: 0734 698888

## 28 King Street London EC2



Prime self-contained  
banking/office building to let

**Edward  
Erdman**

Surveyors, 23 College Hill, London EC6R 2RT

01-236 3611

DAVIES STREET

**"Unique in Mayfair"**

**13,200/26,400 sq.ft.  
Prestige New Air Conditioned  
Offices On Only Two Floors**

Assignment or New Leases Available

**DRIVERS  
JONAS** Chartered  
Surveyors

16 Suffolk Street, London SW1Y 4HQ  
Telephone: 01-930 9731  
Telex: 917080

## NORTH WALES

A WELL EQUIPPED,  
MODERN FREEHOLD  
EDUCATIONAL  
PROPERTY

Floor area: 18,795 sq. ft.  
Site area: 6.80 acres  
Suitable for use as a  
SCHOOL  
COLLEGE  
CONFERENCE CENTRE  
ETC.

**FOR SALE**

021-236 8477

## East Grinstead

New office development  
Approximately  
13,000 sq ft  
Plus car parking  
for 50 cars

Principals and Retained Agents  
only

Write Box T.5982  
Financial Times  
10 Cannon Street  
London EC4P 4BY

## MORTGAGES

on Commercial, Industrial,  
Residential Properties  
at competitive rates  
Write or telephone:  
Hirsch Mortgage (Int'l) Ltd.  
Europe's leading Mortgage Brokers  
15 Berkeley Street, W1  
Tel: 01-629 5051 Telex: 28274

## CITY OFFICES TO LET 10,000 SQ. FT.



ACROSS  
1. Excellent  
2. Like a town in  
Somerset

DOWN  
3. Structure  
4. Residence  
5. Where Lloyd's is

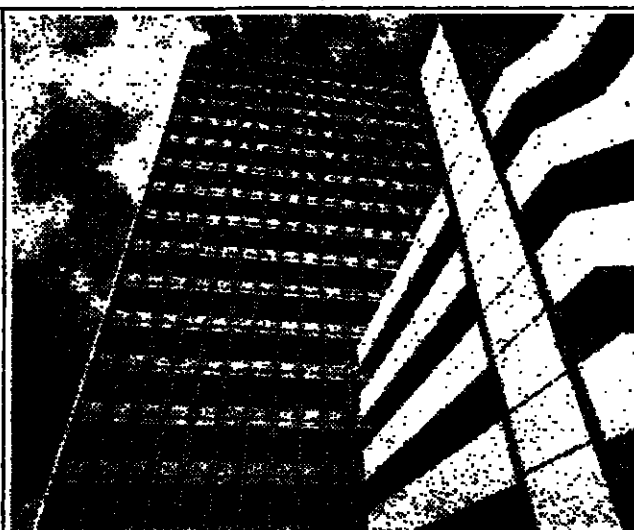
FOR MORE ANSWERS  
Telephone 01-606 1455 Ref. CLJ

# A design for working



An outstanding new office  
development in the City of  
London of about 185,000 sq.ft.  
To be let as a whole or as  
three self contained buildings  
of 44,000 sq.ft., 66,000 sq.ft.,  
and 74,000 sq.ft.  
Superb quality, ultimate  
flexibility, competitive costs...  
Plumtree Court.  
A design for working.

**Healey & Baker**  
Established 1926 in London  
118 Old Broad Street, London EC2N 1AR  
Telephone 01-628 4361



## St. George's Tower

NEW MALDEN, SURREY

Air-conditioned Office Headquarters Building  
96,000 SQ. FT. TO LET  
Private car park for 200 vehicles. Immediate occupation

**Edward  
Erdman**

Surveyors, 6 Grosvenor Street, London W1X 6AD  
Telephone: 01-628 8191

**Richard Ellis**

Chartered Surveyors, Berkeley Square House, London W1X 6AN  
Telephone: 01-628 8290

NEW CAMPUS OFFICE  
DEVELOPMENT

## SOUTH HAMPSHIRE

**21,350 sq.ft.  
TO LET or FOR SALE**

EXCELLENT  
COMMUNICATIONS  
3 MINUTES to MOTORWAY  
INTERSECTION  
100 CAR SPACES

Write Box T.5983, Financial Times  
10 Cannon Street, London EC4P 4BY

On the instructions of Cope Allman International plc.



**27 Hill Street & 32 Mays Mews,  
Mayfair, London W1.**  
10,270 sq.ft.

This elegant 18th century property, situated in the heart of  
Mayfair, offers the most modern and prestigious office facilities  
for companies seeking a Central London headquarters building.

- 6-8 car parking spaces
- High quality fixtures and fittings
- Magnificent executive suite and boardroom
- Private walled garden.

All enquiries to the sole agents:

**DRUCE**

EST 1822  
Druce House  
21 Manchester Square  
London W1A 2DD  
Tel: 01-496 1252

**£8**  
p.s.f.  
BANK SMINS.  
6,500 sq.ft. - 40,000 sq.ft.  
£8 p.s.f. TO LET  
REF. C.J.R.I.  
**01-236 4040**

**THE COLONNADES, W2**  
(Close Paddington Station)  
**SUPERB OFFICES/SHOWROOMS**  
**3,375 sq ft**  
New Lease - Only £7.40 per sq ft

**EDWARDSYMONS  
& PARTNERS** Tel: 01-834 8454  
56-62 Wilton Road, London SW1V 1DR



**47 Great Russell Street,  
London WC1B 3PA  
Telephone: 01-637 4577**

BANK LEUHL-TRUST COMPANY  
OF NEW YORK  
PRINCIPAL FIELD AGENT



عجلة من الذهب

Normans still know  
how to conquer  
the land, Page 34

# SECTION III - INTERNATIONAL MARKETS

## FINANCIAL TIMES

Friday November 18 1983

NEW YORK STOCK EXCHANGE 28-28  
AMERICAN STOCK EXCHANGE 27-28  
WORLD STOCK MARKETS 28  
LONDON STOCK EXCHANGE 29-31  
UNIT TRUSTS 32-33  
COMMODITIES 34  
CURRENCIES 35  
INTERNATIONAL CAPITAL MARKETS 36

### WALL STREET

## Momentum difficult to maintain

WALL STREET'S attempts to regain the heights reached in the middle of last month were checked yesterday by sluggishness in the bond market, writes Terry Byland in New York.

The lacklustre performance in both sectors reflected merely a general unwillingness by investors to push higher, rather than any new or decisive factor.

An early round of games was reversed at mid-session and the market was looking easier until a rally at the end of the day left the Dow Jones industrial average a net 3.35 up at 1,254.67. Turnover remained moderate, with 81.1m shares traded and stock gains finally ahead of losses. Both the Nasdaq and American stock exchange recorded small gains.

The postponement by the Treasury of its planned auction of two-year notes because of delays over the debt ceiling reinforced unease in the credit markets at the weight of federal funding hanging over them.

There was only a muted response to Dr Henry Kaufman's warning that yields at the long end of the debt market could reach 13 per cent in the present cycle. Bond traders said the market seemed to be in a trading range which

was unlikely to be broken in the near term.

AT&T again topped the list of active stocks, with the price shading down 5/8 to \$83 3/4. The dividend announcements were welcomed since AT&T is widely held as an income-producing stock.

In the corporate bond market there was little change in quotations for debt securities of AT&T and Western Electric, its manufacturing subsidiary, after Standard and Poor's, the rating agency, had put some of their debt on its negative Creditwatch list.

ITT edged higher by 5/8 to \$43 on news that its Hartford Insurance subsidiary is buying a stake in Thomson McKinnon, an unquoted Wall Street securities house.

Other leading stocks were often a shade lower, with a fall of 5/16 to \$123 1/2 in IBM setting the trend to lower levels.

Fresh evidence of the problems in the computer industry came when stock in Control Data plunged 5/8 to \$43 3/4 after market analysts, fresh from meeting the board, cut their profit forecasts for the group. Coloco was delayed at the market opening after press reports of slow sales of its Adam computer, but reopened at \$18 1/2, only 5/8 down.

Motor issues were almost the only sector to stand against the trend, but gains were small, with General Motors 5/8 up at \$76 1/4, Chrysler 5/8 better at \$27 1/4, and Ford 5/16 up at \$65 1/4.

Profit-taking in bank shares after the upturn at the beginning of the week took 1 1/4 off Citicorp at \$24 1/4.

Among the industrials, Union Carbide eased 5/8 to \$66 1/4 on its plan to sell some assets, while Monsanto at \$107 1/4 shed 1 1/4 and Du Pont was unchanged at \$53 1/4.

With its long strike still unsettled, McDonnell Douglas lost 5 1/4 to \$55 1/4, while Boeing, which will benefit if McDonnell withdraws from civil aerospace building, shed a quarter to \$40 1/4.

Greyhound, the cross-state coach operator, added 5/8 to \$23 1/4 as some routes returned to normal working after a strike-ridden period.

Heft trading was seen in Gulf Oil as the defence against Mr Boone Pickens and his associates gathered pace. However, Gulf stock was 5 1/4 higher at \$42 1/4 after touching \$43 1/4 earlier.

Trading news brought falls of 5/8 to \$24 1/4 in Consolidated Edison and 5/8 to \$58 1/4 in Campbell Soup. Blue Bell, buying in stock, slipped 5/8 to \$38 1/4.

Rates were around five basis points lower in Treasury bills, with the three-month bill at an 8.83 per cent discount and the six-month at 9 per cent. Bonds lacked support from the outset and gained only temporary benefit from four-day system repurchases from the Fed, when Fed funds stood at 9 1/2 per cent. The key long bond slipped back to 101 1/4, a net fall of 1/4.

### LONDON

## Watchword continues to be caution

CAUTION was the name of the game for the two main investment areas of London stock markets yesterday as they passed a quiet session awaiting the Chancellor of the Exchequer's statement.

Gilt-edged securities became particularly nervous, and a late rally still left falls of around 1/4 at the long end, while the unimpressive equity market was reflected in the FT Industrial Ordinary index, off 1.0 at 721.8.

Speculative activity in the financial sectors quietened, oil shares weakened on the Opec ministers' apparent disagreement on pricing policies, while defence stocks gave ground on fears of spending cuts.

Details, Page 29; Share information service, Page 30-31.

### TOKYO

## Hitachi finds itself back in favour

PROFIT-TAKING set in after four consecutive days of advance in Tokyo yesterday, with the 225-issue Nikkei-Dow market indicator losing 13.86 to 8,416.95, writes Shigeo Nishitoku of Jiji Press.

With the exception of Hitachi, there were no incentives for active buying and investors aimed at reaping immediate profit by purchasing cash-traded stocks.

Trading shrank from the preceding day's 326m shares to 287.5m. Losses outpaced gains 398 to 295, with 117 issues unchanged. Volume leader was Oki Electric with 10,905,000 shares traded; it finished at ¥775, up ¥4. It was followed by Nihon Nissho Kogyo, with 8,121,000 shares.

Investors sought Hitachi, which had been on the decline since last week, when it was reported in the U.S. that the company had agreed to pay \$500m to IBM in settlement of their industrial espionage case.

But Hitachi announced yesterday that it had agreed to pay IBM a lump sum of a little more than ¥10bn (\$42.5m) and about ¥500m a month in software royalties. Investors returned, apparently on the belief that this accord was likely to hurt the Japanese company less than the one reported earlier. At one stage, Hitachi added ¥20 to ¥862, but small-lot selling gradually pared the gain and shares closed the day at ¥850, up ¥8.

Bond market transactions dwindled further. Some corporations bought, in small lots, short-term bonds such as bank debentures maturing in January or February next year but many buyers and sellers kept to the sidelines.

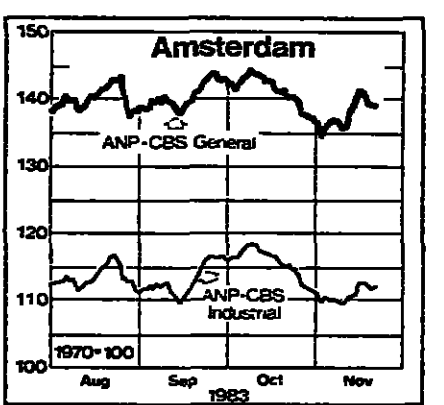
The yield on the barometer 7.5 per cent government bonds maturing in January 1983 dipped slightly from 7.25 per cent the preceding day to 7.2 per cent. The yield has thus declined by only a fractional 0.02 percentage point from 7.74 per cent on October 30.

On the stock market, Sanyo Electric added ¥7 to ¥480 and Ajinomoto ¥35 to ¥1,020. Cash-traded issues also ad-

vanced, with Risa Industries rising ¥34 to ¥272 and CKD ¥38 to ¥553. Investors apparently hoped to score immediate profit by purchasing lacklustre and spot-transaction issues on the generally dull market.

Most drugs were down, with Dai Nippon Pharmaceutical losing ¥210 to ¥2,870 and Banyu pharmaceutical ¥20 to ¥1,050. So were large-capital issues such as Kawasaki Steel, off ¥6 at ¥164, and Mitsubishi Heavy Industries, down ¥4 at ¥246.

Blue chips were generally lower, but Kyocera added ¥370 to ¥7,620 and Canon gained ¥10 to ¥1,430.



### EUROPE

## Frankfurt sees peak and retreats

WEST GERMAN investors took heart from encouraging results turned in by Hoechst, the chemicals group, when the Frankfurt bourse reopened yesterday following Wednesday's Repentance Day holiday.

Gains established early on took the Commerzbank index, calculated at mid-session up 5.1 to a new 23-year high of 1,021.9 - 10 points short of its all-time record.

However, sharp falls were recorded later in the day as a round of selling began with Siemens, ahead of an announcement expected today on dividend

and results for the year to September 30 for the parent company.

Siemens dropped DM 5.50 from the previous close to end at DM 386.50 while among other electricals, AEG fell DM 1.50 to DM 78.50 and Brown Boveri shed DM 1.20 to DM 215.

Preussag was depressed by its one-for-seven rights issue, declining DM 3.50 to DM 260, while elsewhere in metals, Degussa fell DM 6 to DM 348.50.

Klöckner-Werke shed 30 pig to DM 37.6 following its announcement of a partial merger of its steel operations with Arbed of Luxembourg.

In chemicals, Hoechst rose early in the session following its sharp rise in nine-month profits but was later beset by profit-taking. It closed 20 pig lower on the day at DM 181.20.

Elsewhere, Holzmann shed 50 pig to DM 420 after its forecast of satisfactory profits this year, coupled with a warning of a decline in work and new orders in the U.S.

Linde dipped DM 9 to DM 371 on its expectation of lower profits this year.

Bonds closed lower amid new uncertainty over the course of U.S. interest rates. The Bundesbank sold DM 4.5m in public sector bonds, compared with DM 2.3m worth on Tuesday.

In Amsterdam, trading was brought to a halt for around half an hour when 100 demonstrators occupied the gallery of the exchange and showered the trading floor with leaflets protesting about planned cuts in social security payments.

Some brokers are reported to have turned foam fire extinguishers on the group while others became involved in fist fights. Trading ended mixed to higher in confused conditions after police had evicted the demonstrators.

Philips was Ft 2.60 lower at Ft 40 after its third-quarter results had failed to live up to some market expectations.

The French franc's fall against the dollar and some profit-taking left Paris easier at first, but prices later picked up as volume increased.

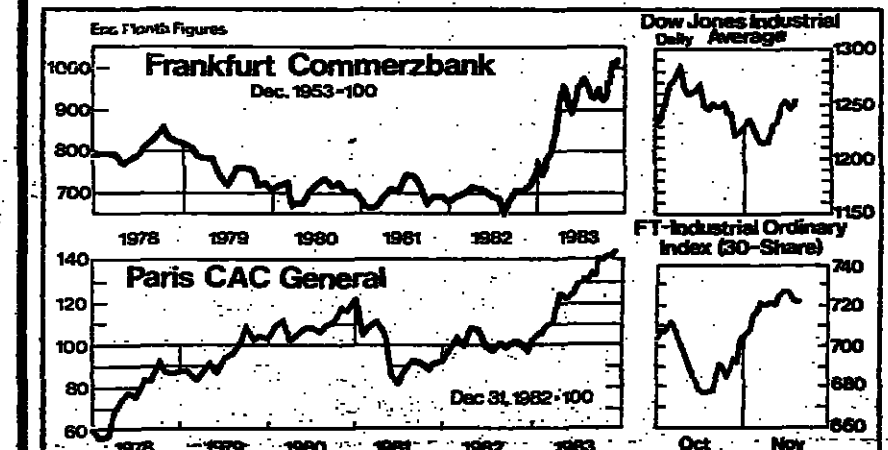
Chemicals were mixed after reports that the Government would not grant a pharmaceutical price rise this year. Roussel-Uclaf added Ffr 6 to Ffr 686, but Nobel Bozel fell 20 centimes to Ffr 9.50.

Very little activity was seen in Brussels as the market readied itself for the large number of capital increases scheduled for next week.

Revised demand for blue chip issues

Continued on Page 28

### KEY MARKET MONITORS



STOCK MARKET INDICES				
	Nov 17	Previous	Nov 16	Year ago
NEW YORK				
DJ Industrials	1254.67	1251.32	1027.5	
FT-A All-share	452.97	453.98	398.23	
DJ Transport	593.98	598.28	493.68	
DJ Utilities	138.10	138.49	119.51	
S&P Composite	186.12	186.08	137.83	
LONDON				
FT Ind Ord	721.8	722.8	605.9	
FT-A All-share	452.97	453.98	398.23	
FT-A 500	486.43	488.34	434.18	
FT-A 100	445.36	446.41	408.17	
FT Gold mines	483.0	521.0	389.7	
FT Govt secs	83.14	83.52	81.81	
TOKYO				
Nikkei-Dow	8416.95	8430.81	7740.10	
Tokyo SE	680.79	681.85	565.7	
AUSTRALIA				
All Ord	710.1	710.8	499.2	
Metals & Mins.	512.7	514.8	411.2	
AUSTRIA				
Credit Aktien	54.31	54.25	47.72	
BELGIUM				
Belgian SE	127.9	128.33	98.72	
CANADA				
Toronto Composite	2463.15	2454.9	1828.31	
Montreal Industrials	433.70	431.82	320.24	
Combined	418.66	416.82	308.86	
DENMARK				
Copenhagen SE	196.58	194.34	90.59	
FRANCE				
CAC Gen	144.3	143.8	100.3	
Ind. Tendance	153.2	153.4	121.0	
WEST GERMANY				
FAZ-Aldien	343.33	342.02	236.98	
Commerzbank	1021.9	1018.8	717.5	
HONG KONG				
Hang Seng	882.29	864.58	610.79	
ITALY				
Banca Com. Ind.	186.87	187.17	158.70	
NETHERLANDS				
ANP-CBS Gen	139.1	139.2	95.0	
ANP-CBS Ind	112.3	112.0	74.9	
NORWAY				
Oslo SE	193.62	195.85	101.01	
SINGAPORE				
Straits Times	943.14	937.61	748.54	
SOUTH AFRICA				
Gold	n/a	731.9	671.9	
Industrials	n/a	902.0	881.5	
SPAIN				
Madrid SE	127.93	127.28	107.14	
SWEDEN				
J & P	1439.41	1437.7	819.17	
SWITZERLAND				
Swiss Bank Ind	353.1	350.5	286.7	
WORLD				
Nov 15				
Capital Int'l	181.0	180.4	148.3	
GOLD (per ounce)				
	Nov 17	Nov 16	Nov 15	Nov 14
London	\$374.875	\$383.125		
Frankfurt	\$375.75	\$383.50		
Zurich	\$376.50	\$383.50		
Paris (filing)	\$377.48	\$382.48		
Luxembourg (filing)	\$376.25	\$383.00		
New York (Nov)	\$377.20	\$375.20		

### AUSTRALIA

STRONG GAINS among industrials offset losses among metal miners in active Sydney trading. The All Industrials index advanced 1.8 to a new high of 919.6 but the All Ordinaries index was 0.6 off at 710.1.

CSR dipped 6 cents to A\$3.80 after its small increase in first half profit, while BHP which reached A\$13 on Wednesday fell back to A\$12.90.

Elsewhere, banks improved with Westpac 4 cents firmer at A\$3.49 ahead of today's interim profit announcement, while National Australia Bank added 3 cents to A\$3.81.

### SINGAPORE

SUSTAINED BUYING brought small price rises across a broad front in Singapore and the Straits Times Industrial index closed up 5.53 to 943.14.

United Engineers was the most actively traded issue and it added 11 cents to S\$1.09, following speculation that it may have found a buyer for its stake in United Engineers Malaysia.

Magnum Corporation and Wearne Brothers each gained 12 cents to S\$3.98 and S\$4.28. Ten cent rises took Hume Industries to S\$5.70, Malayan Bank to S\$9.30 and Hong Leong Credit to S\$7.10.

Trading in the second section was also higher.

### SOUTH AFRICA

THE OVERNIGHT slide in bullion values brought a sharply weaker opening for Johannesburg gold, but some speculative demand emerged later - centred mainly on the cheaper-priced producers while high-cost, short-life mines remained the most severely hit.

Buffelsfontein was 75 cents lower at R54 while Kloof shed R2 to R48.50.

Rand London lost half its value, down 10 cents to just 30 cents on its plans to take on a further 20 per cent of its coal subsidiary. Industrials fared somewhat better.

### CANADA

A MIXED pattern emerged in Toronto, although advances in gold, metals and mining issues more than counterbalanced declines in other sectors, which were led down by oil and gas stocks.

Montreal was marginally firmer with advances seen in industrials, utilities, banks and papers.

# The Successor

THE PERPETUAL GROUP GROWTH FUND  
UP 1.291% IN 9 YEARS...  
AND STILL GOING STRONG.

# The Successor

THE PERPETUAL GROUP OFFSHORE GROWTH FUND

Success breeds success. Our £34 million UK based Perpetual Group Growth Fund continues to scale the heights. To date it has attracted over 9,000 investors.

Now specifically for expatriates and overseas investors we have added the Perpetual Group Offshore Growth Fund to our range. We believe that this fund can climb to rewarding levels. Here's why...

The signs are that the world's coming out of a recession. So our new Offshore Fund arrives at a most opportune time. Investing now in equity markets worldwide could offer outstanding prospects for capital growth.

Maximum capital growth - this is the objective for all our funds.

We invest in companies, in any sector of industry or economy, anywhere in the world where the prospect for capital growth appears to be greatest.

Because our fund managers are free to invest in any country at any time we are able to take the onus off the investor. This also eliminates some of the switching costs between one fund and another. During the worst of the worldwide recession this philosophy made our UK Growth Fund exceptionally successful.

Between its launch on 11th September 1974 and 1st November 1983, our UK based Growth Fund out-performed all other UK unit trusts for capital growth.

It rose by 1.291% in sterling terms with net income reinvested.

During the same period the Capital International Index rose 364% - adjusted for currency and including estimated net reinvested income.

The rate of inflation in the UK went up by 307% whilst the Building Society Share Accounts, in sterling terms, only increased by 104%.

The Sunday Telegraph on January 2nd wrote: "... Perpetual continues to show its staying power in achieving consistently above average performance."

Of course, the past performance of the Growth Fund is no guarantee of the future results from our new Offshore Fund, and the value of units and the income from them can go down as well as up.

However, it has the same managers and philosophy.

It retains the same management team to provide investment advice.


The Perpetual Group Offshore Growth Fund is specifically for expatriate and overseas investors. It is constituted in Jersey, Channel Islands, and was launched on 25th January 1983 at US \$1 per unit.

The offer price on the 1st November 1983 was US \$1.178, a rise since launch of 17.8% including reinvested income. Over the same period the Capital International Index including estimated net reinvested income rose by 17.1%.

Dealings take place on Tuesdays. The minimum subscription is US \$2000.

If you want maximum capital growth, plus proven managerial and investment acumen then, you simply cannot afford to ignore the Perpetual Group Offshore Growth Fund.

We'll be pleased to send you a brochure. Just complete and post the coupon. It could be the shrewdest financial move you ever make.



THE OFFSHORE GROWTH FUND

To: Perpetual Unit Trust Management (Jersey) Limited P.O. Box 459, Commercial House, Commercial Street, St. Helier, Jersey, Channel Islands.

Tel: Jersey (0534) 74517 & 72177 Telex: 4142045 SCT JG

Please send me details on The Perpetual Group Offshore Growth Fund (on the terms of which alone applications will be considered)

Name (Mr/Ms/Miss) \_\_\_\_\_

Address \_\_\_\_\_

\_\_\_\_\_

PERPETUAL



Page 1

هكذا عنه لأصل



عمره اصفه اهل

**Continued on Page 28**

**Continued on Page 28**

[illegible]







## RECENT ISSUES

## EQUITIES

460	24	44	55	4	20	28
500	3	25	34	22	34	47
550	1	7	15	—	—	72

Nov. 17. Total Contracts 2,503. Calls 1,731. Puts 772  
 \* Underlying security price.







[illegible][illegible]

## NOTES

[illegible]

## REGIONAL AND IRISH STOCKS

The following is a selection of regional and Irish stocks, the latter being quoted in Irish currency.

Alhany Inc. 20s.	62		Fin. 13% 97/02	196	-1
800/wtr. Est. 50s	308	+5	Alliance Gas.	66	+1
Bagby & Rose Cl.	110 1/2		Armon	20 1/2	
Finlay Pkg. Sp.	36		Carroll (P.J.)	99	
Higgins Brew.	36		Concrete Prod.	80	
Hell (Los) 25s.	900	-10	Heitin (Higgs.)	15	-2
I.O.M. Stm. 11s.	127		Iron Ropes	340	
			Irish	7 1/2	
East 12% 1983	187 1/2	+ 1/2	T.M.G.	85	
Natl. 7 1/2% 84-87	187 1/2	+ 1/2	Unifair	78	

### OPTIONS

### 3-month Call Rates

[illegible]

Gen. Electric	18	Sears	13	Ultraamer	65
Gold Mt.	75	T.I.	8		
Grand Mt.	90	Teco	27	Minas	
G.U.S. 'A'	50	Thom EMI	55	Charter Cons.	28
Harman	45	Trusthouse	16	Cors. Gold	58
R.N.H.	16	Turner & Howard	7	Lombia	9
Hawner Sld	28	Unimor	70	Rio T. Zinc	62

A selection of Options traded is given on the London Stock Exchange Report page

---

**"Recent Issues" and "Rights" Page 39**

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £700 per annum for each security

[illegible]



7 The pride of English rugby  
(5) 2  
8 Understanding French (7)

ملکنا منہ لکھو

**Monday, November 28**

[illegible]

P	A	S	S	E	O
A	I	T	A	A	E
E	C	N	T	A	R
E	D	I	S	T	A
P	O	L	A	T	E
P	O	L	D	I	S
A	S	T	I	N	G
E	A	S	T	I	N
A	C	T	I	V	E
E	N	C	M	S	U
D	I	S	S	I	N
A	E	S	Z	A	I
A	I	S	H	A	P
A	E	S	C	O	E
T	A	E	D	A	E

**The Financial Times Survey on  
International Fund Management  
will now be published on  
Monday, November 28**

هكذا عنه لأصل



[illegible]



## COMMODITIES AND AGRICULTURE

## Sugar falls again on crop forecast

BY RICHARD MOONEY

FURTHER LOSSES were sustained in the world sugar market yesterday as sentiment was affected by lower precious metals prices and reports of cheap offers at recent buying tenders.

In the morning, the London daily raw sugar price (LDP) was fixed 25 down at \$129 a tonne—the lowest for six months—and on the London futures market, the March position finished \$4.40 down at \$151.50 a tonne.

Recent sharp declines in sugar prices have reflected a marked improvement in world crop prospects. Adverse weather early in the current season, coupled with low plantings in many growing areas because of previous depressed prices, had led to expectations that output would fall short of consumption by 3m tonnes or more. This had helped to push the LDP up to \$193.50 in early August but prices have subsided quickly in the light of

new assessments indicating that 1983-84 supply will be broadly in balance with demand.

Traders said yesterday's lower tone was encouraged by reports of low prices asked by would-be suppliers at buying tenders held by Tunisia and Syria on Wednesday. They said there was little reaction to a report in a Manila newspaper that the Philippines, a substantial sugar exporter, had been buying sugar from Thailand for domestic refining and consumption. Rumours to this effect had already been discounted in the market, they added.

The weekly export tender in Brussels also brought little reaction. EEC Commission export authorisations for 49,000 tonnes were in line with expectations and with recent tender results. The maximum export subsidy level of \$3.09 European currency units per 100 kilos was also as expected.

## Metals hit by interest rate fears

By John Edwards

FORECASTS of a rise in U.S. interest rates overnight in New York brought a sharp downturn in London metal prices yesterday.

The decline was led by silver, whose price plunged in New York to the lowest level for 12 months. The London bullion spot price was cut by 25.5p to \$79.50 a troy ounce at the morning fixing. Gold and free market platinum values also fell steeply.

On the London Metal Exchange, the high grade copper cash price fell \$2 to \$292.3 a tonne. Cash aluminium closed \$14.5 down at \$1,009.5 a tonne and cash zinc \$8.25 at \$591.5 a tonne.

● **FARMERS UNION** journal, the British Farmer and Stockbreeder, ceases publication in March following notice by Business Press International to terminate the printing contract. The NFU is seeking another printer to publish under a different title.

● **INDONESIA** halted coffee cultivation temporarily because of over-supply, official news agency Antara reported.

● **YUGOSLAVIA'S** livestock industry is declining in spite of good maize crops in the past two years, U.S. agricultural counselor in Belgrade said.

● **BANGLADESH** jute prices rose further at auction, except for superior grades which were stable. Bangla White A was up \$4 on last week at \$430; Bangla White D gained \$15 to \$370.

● **COCONUT** producers meet in Sri Lanka on Monday to discuss setting up a network for disseminating information on the industry. India, the Philippines, Thailand, Malaysia, Vanuatu, Fiji, France and Sri Lanka will take part.

● **SRI LANKA** is to increase subsidies for coconut and tea replanting in both the state and private sectors.

## John Cherrington, Agricultural Correspondent visits the dairy districts of Normandy Normans still know how to conquer the land

THE WEATHER in the Calvados department of Normandy last week was perfect for the time of year—warm and sunny. Field work was well ahead and the pastures looked absolutely at their best.

This is, of course, a famous dairy district, so the party I was with, mainly Devon live-stock farmers, were shown three very good dairy farms as a starter.

These were in no way show places, even the newer buildings had a well worn look about them. The cows were loose housed and lying on straw, instead of the cubicles universal here. Each farm had an acreage of wheat from which to secure the straw to make manure, thus avoiding the need for a slurry tank and its stinking product. Each farm relied primarily on maize silage for winter feed.

Average yields of the herds we visited were between 6,300 and 6,900 litres per cow on a concentrate feed of about 1.2 tonnes a year. Good by any standards. But this is not the average for the Calvados, which is a sign of the improving efficiency of the farmers generally. One farmer told me that four years ago he was on the local average, but he had decided to intensify in order to accommodate his son at home.

This improvement was not due only to methods. The composition of the Calvados herd is changing from the Normandy breed, a dual purpose animal to the Holstein, imported from the U.S. or Canada, of which the semen is distributed widely by artificial insemination.

I asked him if he was afraid of the quota proposals from Brussels. "Of course I don't like them," he said. "But if we have to make the best of it, we can make the best of it, and use our grassland better and breed better cows." The others questioned felt the same. They

wishes to farm. There are farms to rent I was told, but although rents are low by our standards, the cost of taking over the outgoing tenant's stock, and so on, is high, at least by French standards.

Not surprisingly, land values have slumped by about 30 per cent over the last two years partly because of the impossibility of raising more than 50 per cent of the land in Calvados is rented; and also because of the threat of a wealth tax.

Around Caen is a marvellous stretch of arable land, a sandy loam of great depth and productivity. The 250-acre farm we visited is run by the farmer himself, with a man two days a week, growing wheat, grain maize, sugar beet and peas, in a rotation which allows him to grow wheat every other year. The average wheat yield is 3.5 tonnes a acre with maize at nearly 4 tonnes. No crops are stored on the farm, the nearest co-operative drier is a couple of

miles away. His rent is 222 francs an acre and he saved him. The south of the department is hilly and the land is often wet with the bledges of the Bocage Country. Here, the farms are being changed, hedges are being removed for field enlargement, most of the small farms are growing at least 5 or 10 acres of wheat and changing from Normandy to English type. Here, the farms are getting a bit bigger to match the time and the aim is for an average herd size of 30 cows.

In sum, the Normans seem not to have been caught up in the race to get as big as many British farmers and they survive. Their prices are slightly lower than ours but their costs for land, labour and buildings are a great deal lower. In a competitive agricultural market, they could, in the simplicity of their processes, be formidable adversaries.

## Pepper market heats up

BY JOHN EDWARDS, COMMODITIES EDITOR

PEPPER prices are starting to rise again, following moves by Brazil and Malaysia to raise their export prices because of a shortage of available supplies.

Brazil has lifted its minimum export price for white pepper by \$500 to \$4,000 a tonne. It was not only \$2,500 not long ago, but it is estimated that the Brazilian crop will be only 18,000 tonnes this year against 40,000 in 1982.

Malaysia announced steep increases in the export duty imposed on pepper following forecasts of a shortfall in production in Sarawak, the main pepper growing state.

The duty on ground white pepper has been raised from \$23.83 to 70.66 ringgits (about \$200) a tonne and on unground

white pepper from 147.59 to 317.50 ringgits. UK dealers said white pepper traded at \$3,200 a tonne yesterday, \$100 up on a week ago, and there were few sellers.

The market paused for breath last week after the greatest surge in values for more than 25 years, with prices doubling in less than three months. Dealers expect another move upwards.

The crop shortfall in Brazil triggered off the explosion in the market after a long period of depressed prices. The new minimum price virtually puts Brazil out of the export market, dealers claimed.

At the same time, India, a leading producer of black pepper, is reported to be restricting exports

## Fishing quotas agreed

BY IVO DAWNAY IN BRUSSELS

EEC MEMBER states have accepted Commission proposals for increasing the tonnages of Baltic cod and North Sea sole quotas for 1984.

A package of measures, which include special provisions for North Sea herring catches allowed until December 15, will come into force early next week.

The total tonnage of Baltic cod authorised to be caught this year has been increased by about 10,000 tonnes to 140,000 tonnes to allow Danish and West German fishermen further fishing until January 1, 1984.

The total tonnage of North Sea sole authorised to be caught this year has been increased by about 10,000 tonnes to 140,000 tonnes to allow Danish and West German fishermen further fishing until January 1, 1984.

## New Zealand clinches milk sale to Cuba

By Dai Hayward

THE NEW ZEALAND dairy board has clinched a sale of 5,000 tonnes of skim milk powder to Cuba.

It is the first sale of New Zealand dairy products to Cuba for 10 years.

The sale was clinched by the board's Mexico-based representative and was made through Allimpart, a Cuban government purchasing agency.

New Zealand hopes the sale will open up a continued trade with Cuba. The powder will be shipped next January by chartered vessel.

## Pakistan cotton crop falls

BY MOHAMED AFTAB IN ISLAMABAD

PAKISTAN'S cotton crop for 1983-84 is forecast at between 3.8m and 4.1m bales—much less than last season's crop, according to early government estimates. Production in 1982-83 was 4.84m bales.

This season's reduced crop was because of late sowing after "excessive rains" in late summer when the crop was ready to be sown.

Cotton started arriving in the markets in early October in Sindh Province and in Punjab in mid-October.

The Government had set a target of producing 5.2m bales of cotton in 1983-84, which means output could be down by

## Pakistani cotton crop falls

BY MOHAMED AFTAB IN ISLAMABAD

between 15 per cent and 21 per cent on the basis of the estimates.

The state-owned Cotton Export Corporation, which has a monopoly on cotton exports, directed that no firm commitments for exports were to be made in view of the output estimates. However, a government statement said there would be cotton available for export as well as for domestic consumption.

Exports from last season's crop were 1.8m bales. Domestic consumption of the 1983-84 crop is expected to stay around last season's level of 1.8m bales.

Officials estimate that exports of around 1m bales will be possible in spite of the drop in production.

## PRICE CHANGES

In tonnes unless stated otherwise	Nov. 17 1983	+ or -	Month ago
Metals			
Aluminium	\$1,080	-21.50	
Free mkt.	\$1,019.15	\$150.58	
Copper	\$2,125	-12	
5 mths.	\$2,125	-12	
Cash h grade	\$2,125	-12	
5 mths.	\$2,125	-12	
Cash h grade	\$2,125	-12	
5 mths.	\$2,125	-12	
Gold	\$274.57	-0.15	
5 mths.	\$274.57	-0.15	
Lead	\$2,125	-12	
5 mths.	\$2,125	-12	
Nickel	\$2,125	-12	
Free mkt.	\$2,125	-12	
Palladium	\$1,080	-21.50	
5 mths.	\$1,080	-21.50	
Silver	\$2,125	-12	
5 mths.	\$2,125	-12	
Tin	\$2,125	-12	
5 mths.	\$2,125	-12	
Wheat	\$2,125	-12	
5 mths.	\$2,125	-12	
Zinc	\$2,125	-12	
5 mths.	\$2,125	-12	

## BRITISH COMMODITY PRICES

In tonnes unless stated otherwise	Nov. 17 1983	+ or -	Month ago
Metals			
Aluminium	\$1,080	-21.50	
Free mkt.	\$1,019.15	\$150.58	
Copper	\$2,125	-12	
5 mths.	\$2,125	-12	
Cash h grade	\$2,125	-12	
5 mths.	\$2,125	-12	
Gold	\$274.57	-0.15	
5 mths.	\$274.57	-0.15	
Lead	\$2,125	-12	
5 mths.	\$2,125	-12	
Nickel	\$2,125	-12	
Free mkt.	\$2,125	-12	
Palladium	\$1,080	-21.50	
5 mths.	\$1,080	-21.50	
Silver	\$2,125	-12	
5 mths.	\$2,125	-12	
Tin	\$2,125	-12	
5 mths.	\$2,125	-12	
Wheat	\$2,125	-12	
5 mths.	\$2,125	-12	
Zinc	\$2,125	-12	
5 mths.	\$2,125	-12	

## BASE-METAL PRICES

In tonnes unless stated otherwise	Nov. 17 1983	+ or -	Month ago
Metals			
Aluminium	\$1,080	-21.50	
Free mkt.	\$1,019.15	\$150.58	
Copper	\$2,125	-12	
5 mths.	\$2,125	-12	
Cash h grade	\$2,125	-12	
5 mths.	\$2,125	-12	
Gold	\$274.57	-0.15	
5 mths.	\$274.57	-0.15	
Lead	\$2,125	-12	
5 mths.	\$2,125	-12	
Nickel	\$2,125	-12	
Free mkt.	\$2,125	-12	
Palladium	\$1,080	-21.50	
5 mths.	\$1,080	-21.50	
Silver	\$2,125	-12	
5 mths.	\$2,125	-12	
Tin	\$2,125	-12	
5 mths.	\$2,125	-12	
Wheat	\$2,125	-12	
5 mths.	\$2,125	-12	
Zinc	\$2,125	-12	
5 mths.	\$2,125	-12	

## COTTON

In tonnes unless stated otherwise	Nov. 17 1983	+ or -	Month ago
Metals			
Aluminium	\$1,080	-21.50	
Free mkt.	\$1,019.15	\$150.58	
Copper	\$2,125	-12	
5 mths.	\$2,125	-12	
Cash h grade	\$2,125	-12	
5 mths.	\$2,125	-12	
Gold	\$274.57	-0.15	
5 mths.	\$274.57	-0.15	
Lead	\$2,125	-12	
5 mths.	\$2,125	-12	
Nickel	\$2,125	-12	
Free mkt.	\$2,125	-12	
Palladium	\$1,080	-21.50	
5 mths.	\$1,080	-21.50	
Silver	\$2,125	-12	
5 mths.	\$2,125	-12	
Tin	\$2,125	-12	
5 mths.	\$2,125	-12	
Wheat	\$2,125	-12	
5 mths.	\$2,125	-12	
Zinc	\$2,125	-12	
5 mths.	\$2,125	-12	

## MEAT/FISH

In tonnes unless stated otherwise	Nov. 17 1983	+ or -	Month ago
Metals			
Aluminium	\$1,080	-21.50	
Free mkt.	\$1,019.15	\$150.58	
Copper	\$2,125	-12	
5 mths.	\$2,125	-12	
Cash h grade	\$2,125	-12	
5 mths.	\$2,125	-12	
Gold	\$274.57	-0.15	
5 mths.	\$274.57	-0.15	
Lead	\$2,125	-12	
5 mths.	\$2,125	-12	
Nickel	\$2,125	-12	
Free mkt.	\$2,125	-12	
Palladium	\$1,080	-21.50	
5 mths.	\$1,080	-21.50	
Silver	\$2,125	-12	
5 mths.	\$2,125	-12	
Tin	\$2,125	-12	
5 mths.	\$2,125	-12	
Wheat	\$2,125	-12	
5 mths.	\$2,125	-12	
Zinc	\$2,125	-12	
5 mths.	\$2,125	-12	

## NEW YORK

In tonnes unless stated otherwise	Nov. 17 1983	+ or -	Month ago
Metals			
Aluminium	\$1,080	-21.50	
Free mkt.	\$1,019.15	\$150.58	
Copper	\$2,125	-12	
5 mths.	\$2,125	-12	
Cash h grade	\$2,125	-12	
5 mths.	\$2,125	-12	
Gold	\$274.57	-0.15	
5 mths.	\$274.57	-0.15	
Lead	\$2,125	-12	
5 mths.	\$2,125	-12	
Nickel	\$2,125	-12	
Free mkt.	\$2,125	-12	
Palladium	\$1,080	-21.50	
5 mths.	\$1,080	-21.50	
Silver	\$2,125	-12	
5 mths.	\$2,125	-12	
Tin	\$2,125	-12	
5 mths.	\$2,125	-12	
Wheat	\$2,125	-12	
5 mths.	\$2,125	-12	
Zinc	\$2,125	-12	
5 mths.	\$2,125	-12	

## LONDON OIL SPOT PRICES

In tonnes unless stated otherwise	Nov. 17 1983	+ or -	Month ago
Metals			
Aluminium	\$1,080	-21.50	
Free mkt.	\$1,019.15	\$150.58	
Copper	\$2,125	-12	
5 mths.	\$2,125	-12	
Cash h grade	\$2,125	-12	
5 mths.	\$2,125	-12	
Gold	\$274.57	-0.15	
5 mths.	\$274.57	-0.15	
Lead	\$2,125	-12	
5 mths.	\$2,125	-12	
Nickel	\$2,125	-12	
Free mkt.	\$2,125	-12	
Palladium	\$1,080	-21.50	
5 mths.	\$1,080	-21.50	
Silver	\$2,125	-12	
5 mths.	\$2,125	-12	
Tin	\$2,125	-12	
5 mths.	\$2,125	-12	
Wheat	\$2,125	-12	
5 mths.	\$2,125	-12	
Zinc	\$2,125	-12	
5 mths.	\$2,125	-12	

## GAS OIL FUTURES

In tonnes unless stated otherwise	Nov. 17 1983	+ or -	Month ago
Metals			
Aluminium	\$1,080	-21.50	
Free mkt.	\$1,019.15	\$150.58	
Copper	\$2,125	-12	
5 mths.	\$2,125	-12	
Cash h grade	\$2,125	-12	
5 mths.	\$2,125	-12	
Gold	\$274.57	-0.15	
5 mths.	\$274.57	-0.15	
Lead	\$2,125	-12	
5 mths.	\$2,125	-12	
Nickel	\$2,125	-12	
Free mkt.	\$2,125	-12	
Palladium	\$1,080	-21.50	
5 mths.	\$1,080	-21.50	
Silver	\$2,125	-12	
5 mths.	\$2,125	-12	
Tin	\$2,125	-12	
5 mths.	\$2,125	-12	
Wheat	\$2,125	-12	
5 mths.	\$2,125	-12	
Zinc	\$2,125	-12	
5 mths.	\$2,125	-12	

## TIN

Section 12	U.S. prod	12	65-9	----
------------	-----------	----	------	------

## TIN

Morning:	Standard:	Three months
\$3,755	\$1,52	\$1,50
Cash	\$3,720	three months
\$3,770	Karbs:	Standard:
\$3,750	Afternoon:	Standard:
\$3,628	three months	\$3,752
Karbs:	Standard:	Three months
		\$3,750



## CURRENCIES, MONEY and CAPITAL MARKETS

## FOREIGN EXCHANGES

## Dollar continues to improve

The dollar touched its best level since last August in currency markets yesterday, as demand prompted by fears of higher U.S. interest rates.

Current Middle East tension also served as an underlying factor increasing the dollar's attractiveness.

Sterling was slightly weaker overall but showed some improvement very late in the day. This was not reflected in the closing calculation of sterling's trade-weighted index.

**DOLLAR** - Trade-weighted index (Bank of England) 124.4 against 122.4 six months ago. The dollar has been appreciating steadily in recent weeks and is once again threatening the record levels touched in August.

Growing tension around the world is supporting the currency but an equal factor is speculation that an expected surge in money supply will combine with inflationary pressures from strong economic recovery to prevent an easing in Federal Reserve monetary policy.

The dollar closed at DM 2.8970 against the D-mark, up from DM 2.8970 and SwFr 2.1825 from SwFr 2.1860. It finished higher against the yen at Y236.15 from Y235.35 and FF 167.95 from FF 167.90, a fall of 55 points. It was higher against the D-mark however at DM 3.9850 from DM 3.9725 and SwFr 3.23 compared with SwFr 3.21. Against the French franc it rose to FF 12.150 from FF 12.0775 and Y348 from Y348.

**D-MARK** - Trading range against the dollar in 1983 2.7315 to 2.5328. October average 2.6022. Trade-weighted index 125.3 against 120.3 six months ago. The D-mark is losing ground to the dollar once again, and could threaten the 10-year low touched in August. Although German interest rates are relatively firm, partly reflecting concern about money supply growth, expectations that U.S. interest rates will remain high, coupled with Middle East tension have returned the dollar to favour.

The D-mark was firm against

most of its EMS partners at the Frankfurt fixing, but lost ground to several other currencies, including the dollar and sterling. The dollar rose to DM 2.8970 from DM 2.8974 on Tuesday. The German market was closed on Wednesday for a holiday. Political factors were behind the dollar's strength, but intervention by the Bundesbank at the fixing was a mere \$250,000, compared with \$15.2m on Tuesday. Sterling rose to DM 3.9880 from DM 3.9720.

**ITALIAN LIRA** - Trading range against the dollar in 1983 1.6321 to 1.542. October average 1.5822. Trade-weighted index 125.2 against 120.3 six months ago. The lira has fallen to record lows against the dollar, and has recently shown a weaker tendency within the EMS, based on an end to seasonal lira demand and a stronger D-mark.

The lira remained weak against the dollar at the Milan fixing. The U.S. currency rose to a record L1,628.25 from L1,618.20, and above the previous record of L1,628.25 on November 7. This was before news that Italy's current account deficit in the first half of the year narrowed to 12.373 trillion (million million), from 17.257 trillion in the same period of last year. The D-mark rose to L605.50 from L605.25 at the fixing.

Prices fell in active trading on the London International Financial Futures Exchange yesterday. Gilt, short sterling and Eurodollars were all sold off in reaction to the weaker U.S. bond market and the strength of the dollar on the foreign exchanges. The Chancellor of the Exchequer began his statement at about the same time that the Life market was closing, but dealers suggested that initial reaction in the cash market was not encouraging with prices of long dated gilt stocks falling by about 1/2 following the higher PSBR figure for 1983-84.

Gilt futures trading was active, with the December contract recording 3,240 lots. It opened at 110.01, fairly close to the day's peak of 110.04, but then fell to a low of 109.12, before closing at the 109.15, compared with 110.15 previously.

Wednesday's weak finish to U.S. bond trading also depressed three-month sterling deposits, with most activity concentrated in March delivery. March opened at 90.60, and touched a high of 90.61. It moved lower in line with movements in other contracts, and closed at 90.55, after touching a low of 90.53, compared with the previous close of 90.65.

Eurodollars for December delivery closed at 90.17, compared with 90.25 on Wednesday, fairly near the day's low of 90.15. The highest point reached was 90.21, from an opening of 90.18. Good volume was seen in currency trading with sterling, D-mark, Swiss franc, and yen contracts falling against the dollar in reaction to the strength of the U.S. currency on the foreign exchanges.

**CHICAGO**

**U.S. TREASURY BONDS (CB) 8 1/2%**

Month	High	Low	Prev
Dec	70.20	70.10	70.20
Jan	70.20	70.10	70.20
Feb	70.20	70.10	70.20
Mar	70.20	70.10	70.20
Apr	70.20	70.10	70.20
May	70.20	70.10	70.20
Jun	70.20	70.10	70.20
Jul	70.20	70.10	70.20
Aug	70.20	70.10	70.20
Sep	70.20	70.10	70.20
Oct	70.20	70.10	70.20
Nov	70.20	70.10	70.20
Dec	70.20	70.10	70.20

**U.S. TREASURY BILLS (MM) 8 1/2%**

Month	High	Low	Prev
Dec	91.00	90.90	91.00
Jan	91.00	90.90	91.00
Feb	91.00	90.90	91.00
Mar	91.00	90.90	91.00
Apr	91.00	90.90	91.00
May	91.00	90.90	91.00
Jun	91.00	90.90	91.00
Jul	91.00	90.90	91.00
Aug	91.00	90.90	91.00
Sep	91.00	90.90	91.00
Oct	91.00	90.90	91.00
Nov	91.00	90.90	91.00
Dec	91.00	90.90	91.00

**U.S. TREASURY NOTES (NN) 8 1/2%**

Month	High	Low	Prev
Dec	91.00	90.90	91.00
Jan	91.00	90.90	91.00
Feb	91.00	90.90	91.00
Mar	91.00	90.90	91.00
Apr	91.00	90.90	91.00
May	91.00	90.90	91.00
Jun	91.00	90.90	91.00
Jul	91.00	90.90	91.00
Aug	91.00	90.90	91.00
Sep	91.00	90.90	91.00
Oct	91.00	90.90	91.00
Nov	91.00	90.90	91.00
Dec	91.00	90.90	91.00

**U.S. TREASURY BILLS (MM) 8 1/2%**

Month	High	Low	Prev
Dec	91.00	90.90	91.00
Jan	91.00	90.90	91.00
Feb	91.00	90.90	91.00
Mar	91.00	90.90	91.00
Apr	91.00	90.90	91.00
May	91.00	90.90	91.00
Jun	91.00	90.90	91.00
Jul	91.00	90.90	91.00
Aug	91.00	90.90	91.00
Sep	91.00	90.90	91.00
Oct	91.00	90.90	91.00
Nov	91.00	90.90	91.00
Dec	91.00	90.90	91.00

**U.S. TREASURY BILLS (MM) 8 1/2%**

Month	High	Low	Prev
Dec	91.00	90.90	91.00
Jan	91.00	90.90	91.00
Feb	91.00	90.90	91.00
Mar	91.00	90.90	91.00
Apr	91.00	90.90	91.00
May	91.00	90.90	91.00
Jun	91.00	90.90	91.00
Jul	91.00	90.90	91.00
Aug	91.00	90.90	91.00
Sep	91.00	90.90	91.00
Oct	91.00	90.90	91.00
Nov	91.00	90.90	91.00
Dec	91.00	90.90	91.00

**U.S. TREASURY BILLS (MM) 8 1/2%**

Month	High	Low	Prev
Dec	91.00	90.90	91.00
Jan	91.00	90.90	91.00
Feb	91.00	90.90	91.00
Mar	91.00	90.90	91.00
Apr	91.00	90.90	91.00
May	91.00	90.90	91.00
Jun	91.00	90.90	91.00
Jul	91.00	90.90	91.00
Aug	91.00	90.90	91.00
Sep	91.00	90.90	91.00
Oct	91.00	90.90	91.00
Nov	91.00	90.90	91.00
Dec	91.00	90.90	91.00

**U.S. TREASURY BILLS (MM) 8 1/2%**

Month	High	Low	Prev
Dec	91.00	90.90	91.00
Jan	91.00	90.90	91.00
Feb	91.00	90.90	91.00
Mar	91.00	90.90	91.00
Apr	91.00	90.90	91.00
May	91.00	90.90	91.00
Jun	91.00	90.90	91.00
Jul	91.00	90.90	91.00
Aug	91.00	90.90	91.00
Sep	91.00	90.90	91.00
Oct	91.00	90.90	91.00
Nov	91.00	90.90	91.00
Dec	91.00	90.90	91.00

**U.S. TREASURY BILLS (MM) 8 1/2%**

Month	High	Low	Prev
Dec	91.00	90.90	91.00
Jan	91.00	90.90	91.00
Feb	91.00	90.90	91.00
Mar	91.00	90.90	91.00
Apr	91.00	90.90	91.00
May	91.00	90.90	91.00
Jun	91.00	90.90	91.00
Jul	91.00	90.90	91.00
Aug	91.00	90.90	91.00
Sep	91.00	90.90	91.00
Oct	91.00	90.90	91.00
Nov	91.00	90.90	91.00
Dec	91.00	90.90	91.00

**U.S. TREASURY BILLS (MM) 8 1/2%**

Month	High	Low	Prev
Dec	91.00	90.90	91.00
Jan	91.00	90.90	91.00
Feb	91.00	90.90	91.00
Mar	91.00	90.90	91.00
Apr	91.00	90.90	91.00
May	91.00	90.90	91.00
Jun	91.00	90.90	91.00
Jul	91.00	90.90	91.00
Aug	91.00	90.90	91.00
Sep	91.00	90.90	91.00
Oct	91.00	90.90	91.00
Nov	91.00	90.90	91.00
Dec	91.00	90.90	91.00

**U.S. TREASURY BILLS (MM) 8 1/2%**

Month	High	Low	Prev
Dec	91.00	90.90	91.00
Jan	91.00	90.90	91.00
Feb	91.00	90.90	91.00
Mar	91.00	90.90	91.00
Apr	91.00	90.90	91.00
May	91.00	90.90	91.00
Jun	91.00	90.90	91.00
Jul	91.00	90.90	91.00
Aug	91.00	90.90	91.00
Sep	91.00	90.90	91.00
Oct	91.00	90.90	91.00
Nov	91.00	90.90	91.00
Dec	91.00	90.90	91.00

**U.S. TREASURY BILLS (MM) 8 1/2%**

Month	High	Low	Prev
Dec	91.00	90.90	91.00
Jan	91.00	90.90	91.00
Feb	91.00	90.90	91.00
Mar	91.00	90.90	91.00
Apr	91.00	90.90	91.00
May	91.00	90.90	91.00
Jun	91.00	90.90	91.00
Jul	91.00	90.90	91.00
Aug	91.00	90.90	91.00
Sep	91.00	90.90	91.00
Oct	91.00	90.90	91.00
Nov	91.00	90.90	91.00
Dec	91.00	90.90	91.00

**U.S. TREASURY BILLS (MM) 8 1/2%**

Month	High	Low	Prev
Dec	91.00	90.90	91.00
Jan	91.00	90.90	91.00
Feb	91.00	90.90	91.00
Mar	91.00	90.90	91.00
Apr	91.00	90.90	91.00
May	91.00	90.90	91.00
Jun	91.00	90.90	91.00
Jul	91.00	90.90	91.00
Aug	91.00	90.90	91.00
Sep	91.00	90.90	91.00
Oct	91.00	90.90	91.00
Nov	91.00	90.90	91.00
Dec	91.00	90.90	91.00

**U.S. TREASURY BILLS (MM) 8 1/2%**

Month	High	Low	Prev
Dec	91.00	90.90	91.00
Jan	91.00	90.90	91.00
Feb	91.00	90.90	91.00
Mar	91.00	90.90	91.00
Apr	91.00	90.90	91.00
May	91.00	90.90	91.00
Jun	91.00	90.90	91.00
Jul	91.00	90.90	91.00
Aug	91.00	90.90	91.00
Sep	91.00	90.90	91.00
Oct	91.00	90.90	91.00
Nov	91.00	90.90	91.00
Dec	91.00	90.90	91.00

**U.S. TREASURY BILLS (MM) 8 1/2%**

Month	High	Low	Prev
Dec	91.00	90.90	91.00
Jan	91.00	90.90	91.00
Feb	91.00	90.90	91.00
Mar	91.00	90.90	91.00
Apr	91.00	90.90	91.00
May	91.00	90.90	91.00
Jun	91.00	90.90	91.00
Jul	91.00	90.90	91.00
Aug	91.00	90.90	91.00
Sep	91.00	90.90	91.00
Oct	91.00	90.90	91.00
Nov	91.00	90.90	91.00
Dec	91.00	90.90	91.00

**U.S. TREASURY BILLS (MM) 8 1/2%**

Month	High	Low	Prev
Dec	91.00	90.90	91.00
Jan	91.00	90.90	91.00



## INT. CAP. MARKETS

## Flurry of activity despite weak secondary market

BY MARY ANN SIEGHART IN LONDON

THE EUROBOND market saw an unaccompanied flurry of activity yesterday, with four U.S. dollar issues being launched and one sterling bond, despite a weak secondary market.

A \$150m floating rate note (FRN) for Standard Chartered Bank met the best reception. The 10-year bond pays 1/2 point over the six-month London interbank offered rate (Libor) at par and is led by J. Henry Schroder Wagg, after tough competition for the mandate from other houses.

Offered separately are 150,000 warrants at \$18 each to buy a \$1,000 10-year bond from the same borrower with an 11% per cent coupon at par.

The front-end fees for the floater are only 50 basis points, which means that the all-in cost to the borrower before counting in the warrants is just 17 1/2 basis points over Libor. When the warrants are included, the borrower ends up paying less than Libor.

Despite the tight pricing, the bond traded just over par, reflecting both the continuing strong demand for FRNs and the rarity of UK bank names in the floating rate market. The warrants, on the other hand, traded well below their \$18 issued price, at about \$14.

The reason for this poor performance was made clear by one of the day's other new issues. A \$100m bond for Denmark also carried warrants to buy a 10-year, 11% per cent bond at par. Though these warrants also cost \$18, they have a five-year rather than one-year life and traded around their offered price.

Denmark's bond moved more slowly, despite its high coupon. It pays 12 1/2 per cent at par and has a 10-year life. Morgan Guaranty is leading the deal.

Two banks issued straight dollar bonds yesterday. WestLB made its debut as a borrower in the Euro-markets with a \$100m, seven-year deal paying 11 1/2 per cent at par. It is leading the issue itself, with Merrill Lynch, who arranged the interest rate swap as co-lead manager.

The swap was considered to be rather tightly priced and it traded at a discount of around two points—well below its 1 1/2 point selling con-

BHF Bank bond average			
	Nov 17	Previous	
Nov 17	98.792	98.821	
High	100.017	100.017	
Low	97.699	97.699	

cession. Nevertheless, it is the first German bank to issue a straight dollar bond for more than six months, so it may find interest in Continental Europe or the Far East. Taiyao Kobe Bank is also raising \$100m for seven years at par, but its coupon is 1/2 point higher at 12 per cent. The bond, which involves an interest rate swap, is led by Salomon Brothers with Morgan Guaranty and Taiyao Kobe Bank (Luxembourg). It too sold slowly at a discount of around 1 1/2 points.

Prices in the dollar secondary market drifted downwards by 1/4-1/2 point, reflecting the weakness of the New York bond market. Turnover was very low.

S. G. Warburg yesterday brought its fifth sterling FRN to the market in seven weeks. Enel, the Italian electricity utility, is raising £100m through a 10-year note paying 1/2 point over the mean of the three-month London interbank bid and offered rates at par. The bond met with a poor reception, trading at a discount of around two points, outside both its 1 1/2 point front-end fee and 1/2 point selling concession.

Meanwhile, in the D-Mark sector, Fuerzas Electricas de Catalunya launched its first public issue in the Euro-markets with a DM 80m, seven-year bond paying 9 per cent at par. BHF Bank is leading the deal, which traded within its selling concession.

Prices in Swiss and German secondary market closed unchanged in reasonable turnover.

Midland Bank of the UK sold \$150m of notes on Wall Street yesterday, the first slice of its \$400m "shelf" issue announced last month. The 20-year notes carried a coupon of 12 1/2 per cent and were priced at 99 1/2 to yield 12.783 per cent at maturity. Proceeds will be used to develop Midland's group business and diversify sources of funds. Goldman Sachs and Samuel Montagu are lead managers.

## WEEKLY U.S. BOND YIELDS (%)

	Nov 10	Nov 17	Nov 24	Nov 31
Composite Corp. AAA	12.04	12.25	12.29	12.02
Composite Corp. AA	12.18	12.35	12.43	12.78
Government:				
Long-term	11.81	11.78	11.99	12.18
Intermediate	11.40	11.54	12.03	12.03
Short-term	10.70	10.70	11.28	11.28
Municipal	9.79	9.74	9.86	9.72
Industrial AAA	11.79	12.01	12.38	12.51
Industrial AA	12.06	12.21	12.62	12.72
Utilities AAA	12.26	12.48	12.81	12.73
Utilities AA	12.30	12.51	13.05	12.85
Preferred Stocks	11.21	11.05	11.41	10.59

Source: Standard &amp; Poor's

## WORLD ECONOMIC INDICATORS

every Monday—  
Only in the Financial Times

## FT INTERNATIONAL BOND SERVICE

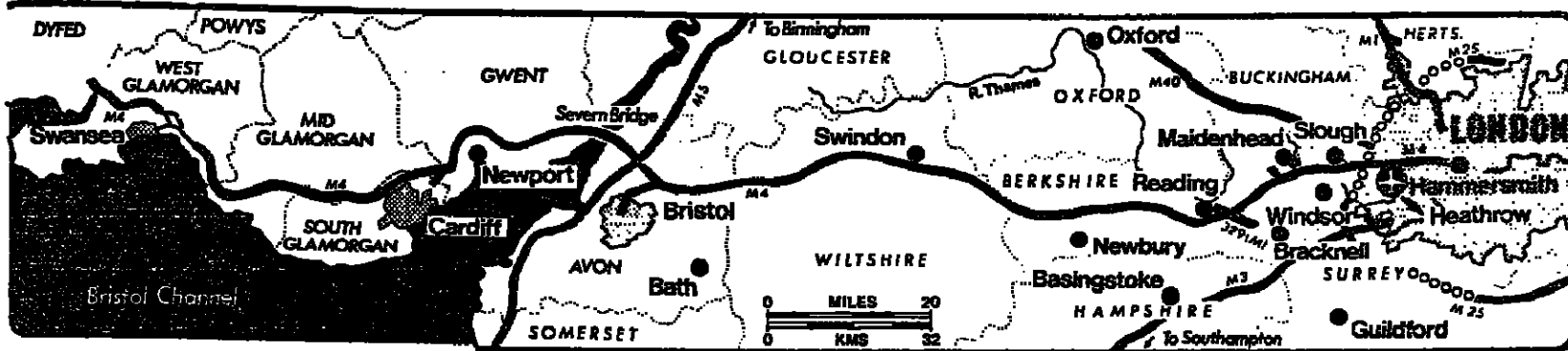
The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which is published monthly. The following are closing prices for November 17.

U.S. DOLLAR	Issued	Bid	Offer	Change on day	Yield
Standard Chartered 10 1/2% 90	100	98 1/4	98 3/4	+0 1/4	11.83
Standard Chartered 11 1/2% 91	100	100 1/4	100 3/4	+0 1/4	11.83
Standard Chartered 12 1/2% 92	100	102 1/4	102 3/4	+0 1/4	11.83
Standard Chartered 13 1/2% 93	100	104 1/4	104 3/4	+0 1/4	11.83
Standard Chartered 14 1/2% 94	100	106 1/4	106 3/4	+0 1/4	11.83
Standard Chartered 15 1/2% 95	100	108 1/4	108 3/4	+0 1/4	11.83
Standard Chartered 16 1/2% 96	100	110 1/4	110 3/4	+0 1/4	11.83
Standard Chartered 17 1/2% 97	100	112 1/4	112 3/4	+0 1/4	11.83
Standard Chartered 18 1/2% 98	100	114 1/4	114 3/4	+0 1/4	11.83
Standard Chartered 19 1/2% 99	100	116 1/4	116 3/4	+0 1/4	11.83
Standard Chartered 20 1/2% 00	100	118 1/4	118 3/4	+0 1/4	11.83
Standard Chartered 21 1/2% 01	100	120 1/4	120 3/4	+0 1/4	11.83
Standard Chartered 22 1/2% 02	100	122 1/4	122 3/4	+0 1/4	11.83
Standard Chartered 23 1/2% 03	100	124 1/4	124 3/4	+0 1/4	11.83
Standard Chartered 24 1/2% 04	100	126 1/4	126 3/4	+0 1/4	11.83
Standard Chartered 25 1/2% 05	100	128 1/4	128 3/4	+0 1/4	11.83
Standard Chartered 26 1/2% 06	100	130 1/4	130 3/4	+0 1/4	11.83
Standard Chartered 27 1/2% 07	100	132 1/4	132 3/4	+0 1/4	11.83
Standard Chartered 28 1/2% 08	100	134 1/4	134 3/4	+0 1/4	11.83
Standard Chartered 29 1/2% 09	100	136 1/4	136 3/4	+0 1/4	11.83
Standard Chartered 30 1/2% 10	100	138 1/4	138 3/4	+0 1/4	11.83
Standard Chartered 31 1/2% 11	100	140 1/4	140 3/4	+0 1/4	11.83
Standard Chartered 32 1/2% 12	100	142 1/4	142 3/4	+0 1/4	11.83
Standard Chartered 33 1/2% 13	100	144 1/4	144 3/4	+0 1/4	11.83
Standard Chartered 34 1/2% 14	100	146 1/4	146 3/4	+0 1/4	11.83
Standard Chartered 35 1/2% 15	100	148 1/4	148 3/4	+0 1/4	11.83
Standard Chartered 36 1/2% 16	100	150 1/4	150 3/4	+0 1/4	11.83
Standard Chartered 37 1/2% 17	100	152 1/4	152 3/4	+0 1/4	11.83
Standard Chartered 38 1/2% 18	100	154 1/4	154 3/4	+0 1/4	11.83
Standard Chartered 39 1/2% 19	100	156 1/4	156 3/4	+0 1/4	11.83
Standard Chartered 40 1/2% 20	100	158 1/4	158 3/4	+0 1/4	11.83
Standard Chartered 41 1/2% 21	100	160 1/4	160 3/4	+0 1/4	11.83
Standard Chartered 42 1/2% 22	100	162 1/4	162 3/4	+0 1/4	11.83
Standard Chartered 43 1/2% 23	100	164 1/4	164 3/4	+0 1/4	11.83
Standard Chartered 44 1/2% 24	100	166 1/4	166 3/4	+0 1/4	11.83
Standard Chartered 45 1/2% 25	100	168 1/4	168 3/4	+0 1/4	11.83
Standard Chartered 46 1/2% 26	100	170 1/4	170 3/4	+0 1/4	11.83
Standard Chartered 47 1/2% 27	100	172 1/4	172 3/4	+0 1/4	11.83
Standard Chartered 48 1/2% 28	100	174 1/4	174 3/4	+0 1/4	11.83
Standard Chartered 49 1/2% 29	100	176 1/4	176 3/4	+0 1/4	11.83
Standard Chartered 50 1/2% 30	100	178 1/4	178 3/4	+0 1/4	11.83
Standard Chartered 51 1/2% 31	100	180 1/4	180 3/4	+0 1/4	11.83
Standard Chartered 52 1/2% 32	100	182 1/4	182 3/4	+0 1/4	11.83
Standard Chartered 53 1/2% 33	100	184 1/4	184 3/4	+0 1/4	11.83
Standard Chartered 54 1/2% 34	100	186 1/4	186 3/4	+0 1/4	11.83
Standard Chartered 55 1/2% 35	100	188 1/4	188 3/4	+0 1/4	11.83
Standard Chartered 56 1/2% 36	100	190 1/4	190 3/4	+0 1/4	11.83
Standard Chartered 57 1/2% 37	100	192 1/4	192 3/4	+0 1/4	11.83
Standard Chartered 58 1/2% 38	100	194 1/4	194 3/4	+0 1/4	11.83
Standard Chartered 59 1/2% 39	100	196 1/4	196 3/4	+0 1/4	11.83
Standard Chartered 60 1/2% 40	100	198 1/4	198 3/4	+0 1/4	11.83
Standard Chartered 61 1/2% 41	100	200 1/4	200 3/4	+0 1/4	11.83
Standard Chartered 62 1/2% 42	100	202 1/4	202 3/4	+0 1/4	11.83
Standard Chartered 63 1/2% 43	100	204 1/4	204 3/4	+0 1/4	11.83
Standard Chartered 64 1/2% 44	100	206 1/4	206 3/4	+0 1/4	11.83
Standard Chartered 65 1/2% 45	100	208 1/4	208 3/4	+0 1/4	11.83
Standard Chartered 66 1/2% 46	100	210 1/4	210 3/4	+0 1/4	11.83
Standard Chartered 67 1/2% 47	100	212 1/4	212 3/4	+0 1/4	11.83
Standard Chartered 68 1/2% 48	100	214 1/4	214 3/4	+0 1/4	11.83
Standard Chartered 69 1/2% 49	100	216 1/4	216 3/4	+0 1/4	11.83
Standard Chartered 70 1/2% 50	100	218 1/4	218 3/4	+0 1/4	11.83
Standard Chartered 71 1/2% 51	100	220 1/4	220 3/4	+0 1/4	11.83
Standard Chartered 72 1/2% 52	100	222 1/4	222 3/4	+0 1/4	11.83
Standard Chartered 73 1/2% 53	100	224 1/4	224 3/4	+0 1/4	11.83
Standard Chartered 74 1/2% 54	100	226 1/4	226 3/4	+0 1/4	11.83
Standard Chartered 75 1/2% 55	100	228 1/4	228 3/4	+0 1/4	11.83
Standard Chartered 76 1/2% 56	100	230 1/4	230 3/4	+0 1/4	11.83
Standard Chartered 77 1/2% 57	100	232 1/4	232 3/4	+0 1/4	11.83
Standard Chartered 78 1/2% 58	100	234 1/4	234 3/4	+0 1/4	11.83
Standard Chartered 79 1/2% 59	100	236 1/4	236 3/4	+0 1/4	11.83
Standard Chartered 80 1/2% 60	100	238 1/4	238 3/4	+0 1/4	11.83
Standard Chartered 81 1/2% 61	100	240 1/4	240 3/4	+0 1/4	11.83
Standard Chartered 82 1/2% 62	100	242 1/4	242 3/4	+0 1/4	11.83
Standard Chartered 83 1/2% 63	100	244 1/4	244 3/4	+0 1/4	11.83
Standard Chartered 84 1/2% 64	100	246 1/4	246 3/4	+0 1/4	11.83
Standard Chartered 85 1/2% 65	100	248 1/4	248 3/4	+0 1/4	11.83
Standard Chartered 86 1/2% 66	100	250 1/4	250 3/4	+0 1/4	11.83
Standard Chartered 87 1/2% 67	100	252 1/4	252 3/4	+0 1/4	11.83
Standard Chartered 88 1/2% 68	100	254 1/4	254 3/4	+0 1/4	11.83
Standard Chartered 89 1/2% 69	100	256 1/4	256 3/4	+0 1/4	11.83
Standard Chartered 90 1/2% 70	100	258 1/4	258 3/4	+0 1/4	11.83
Standard Chartered 91 1/2% 71	100	260 1/4	260 3/4	+0 1/4	11.83
Standard Chartered 92 1/2% 72	100	262 1/4	262 3/4	+0 1/4	11.83
Standard Chartered 93 1/2% 73	100	264 1/4	264 3/4	+0 1/4	11.83
Standard Chartered 94 1/2% 74	100	266 1/4	266 3/4	+0 1/4	11.83
Standard Chartered 95 1/2% 75	100	268 1/4	268 3/4	+0 1/4	11.83
Standard Chartered 96 1/2% 76	100	270 1/4	270 3/4	+0 1/4	11.83
Standard Chartered 97 1/2% 77	100	272 1/4	272 3/4	+0 1/4	11.83
Standard Chartered 98 1/2% 78	100	274 1/4	274 3/4	+0 1/4	11.83
Standard Chartered 99 1/2% 79	100	276 1/4	276 3/4	+0 1/4	11.83
Standard Chartered 100 1/2% 80	100	278 1/4	278 3/4	+0 1/4	11.83

Wachovia Bond 5 1/4 91	100	100	100 1/4	0	+0 1/4	6.53	G.M.T. 5 1/4 91	0 1/4	99 1/4	99 1/4	0	10 1/4	10 1/4
Quest Development 6 5/8	100	103 1/4	103 1/4	0	+0 1/4	8.23	Credit Facility 5 1/4 93	0 1/4	99 1/4	99 1/4	0	10 1/4	10 1/4
Quest Development 6 7/8	100	101 1/4	101 1/4	0	-1/4	8.14	Credit Facility 5 1/4 94	0 1/4	99 1/4	99 1/4	0	10 1/4	10 1/4
Quest Development 6 7/8 93	100	99	99 1/4	0	0	5.78	Credit Facility 5 1/4 97	0 1/4	99 1/4	99 1/4	0	10 1/4	10 1/4
Quest Development 6 7/8 93	100	99	99 1/4	0	0	5.78	Credit Facility 5 1/4 97	0 1/4	99 1/4	99 1/4	0	10 1/4	10 1/4
Quest Development 6 7/8 93	100	99	99 1/4	0	0	5.78	Credit Facility 5 1/4 97	0 1/4	99 1/4	99 1/4	0	10 1/4	10 1/4
Quest Development 6 7/8 93	100	99	99 1/4	0	0	5.78	Credit Facility 5 1/4 97	0 1/4	99 1/4	99 1/4	0	10 1/4	10 1/4
Quest Development 6 7/8 93	100	99	99 1/4	0	0	5.78	Credit Facility 5 1/4 97	0 1/4	99 1/4	99 1/4	0	10 1/4	10 1/4
Quest Development 6 7/8 93	100	99	99 1/4	0	0	5.78	Credit Facility 5 1/4 97	0 1/4	99 1/4	99 1/4	0	10 1/4	10 1/4
Quest Development 6 7/8 93	100	99	99 1/4	0	0	5.78	Credit Facility 5 1/4 97	0 1/4	99 1/4	99 1/4	0	10 1/4	10 1/4
Quest Development 6 7/8 93	100	99	99 1/4	0	0	5.78	Credit Facility 5 1/4 97	0 1/4	99 1/4	99 1/4	0	10 1/4	10 1/4
Quest Development 6 7/8 93	100	99	99 1/4	0	0	5.78	Credit Facility 5 1/4 97	0 1/4	99 1/4	99 1/4	0	10 1/4	10 1/4
Quest Development 6 7/8 93	100	99	99 1/4	0	0	5.78	Credit Facility 5 1/4 97	0 1/4	99 1/4	99 1/4	0	10 1/4	10 1/4
Quest Development 6 7/8 93	100	99	99 1/4	0	0	5.78	Credit Facility 5 1/4 97	0 1/4	99 1/4	99 1/4	0	10 1/4	10 1/4
Quest Development 6 7/8 93	100	99	99 1/4	0	0	5.78	Credit Facility 5 1/4 97	0 1/4	99 1/4	99 1/4	0	10 1/4	10 1/4
Quest Development 6 7/8 93	100	99	99 1/4	0	0	5.78	Credit Facility 5 1/4 97	0 1/4	99 1/4	99 1/4	0	10 1/4	10 1/4
Quest Development 6 7/8 93	100	99	99 1/4	0	0	5.78	Credit Facility 5 1/4 97	0 1/4	99 1/4	99 1/4	0	10 1/4	10 1/4
Quest Development 6 7/8 93	100	99	99 1/4	0	0	5.78	Credit Facility 5 1/4 97	0 1/4	99 1/4	99 1/4	0	10 1/4	10 1/4
Quest Development 6 7/8 93	100	99	99 1/4	0	0	5.78	Credit Facility 5 1/4 97	0 1/4	99 1/4	99 1/4	0	10 1/4	10 1/4
Quest Development 6 7/8 93	100	99	99 1/4	0	0	5.78	Credit Facility 5 1/4 97	0 1/4	99 1/4	99 1/4	0	10 1/4	10 1/4
Quest Development 6 7/8 93	100	99	99 1/4	0	0	5.78	Credit Facility 5 1/4 97	0 1/4	99 1/4	99 1/4	0	10 1/4	10 1/4
Quest Development 6 7/8 93	100	99	99 1/4	0	0	5.78	Credit Facility 5 1/4 97	0 1/4	99 1/4	99 1/4	0	10 1/4	10 1/4
Quest Development 6 7/8 93	100	99	99 1/4	0	0	5.78	Credit Facility 5 1/4 97	0 1/4	99 1/4	99 1/4	0	10 1/4	10 1/4
Quest Development 6 7/8 93	100	99	99 1/4	0	0	5.78	Credit Facility 5 1/4 97	0 1/4	99 1/4	99 1/4	0	10 1/4	10 1/4
Quest Development 6 7/8 93	100	99	99 1/4	0	0	5.78	Credit Facility 5 1/4 97	0 1/4	99 1/4	99 1/4	0	10 1/4	10 1/4
Quest Development 6 7/8 93	100	99	99 1/4	0	0	5.78	Credit Facility 5 1/4 97	0 1/4	99 1/4	99 1/4	0	10 1/4	10 1/4
Quest Development 6 7/8 93	100	99	99 1/4	0	0	5.78	Credit Facility 5 1/4 97	0 1/4	99 1/4	99 1/4	0	10 1/4	10 1/4
Quest Development 6 7/8 93	100	99	99 1/4	0	0	5.78	Credit Facility 5 1/4 97	0 1/4	99 1/4	99 1/4	0	10 1/4	10 1/4
Quest Development 6 7/8 93	100	99	99 1/4	0	0	5.78	Credit Facility 5 1/4 97	0 1/4	99 1/4	99 1/4	0	10 1/4	10 1/4
Quest Development 6 7/8 93	100	99	99 1/4	0	0	5.78	Credit Facility 5 1/4 97	0 1/4	99 1/4	99 1/4	0	10 1/4	10 1/4
Quest Development 6 7/8 93	100	99	99 1/4	0	0	5.78	Credit Facility 5 1/4 97	0 1/4	99 1/4	99 1/4	0	10 1/4	10 1/4
Quest Development 6 7/8 93	100	99	99 1/4	0	0	5.78	Credit Facility 5 1/4 97	0 1/4	99 1/4	99 1/4	0	10 1/4	10 1/4
Quest Development 6 7/8 93	100	99	99 1/4	0	0	5.78	Credit Facility 5 1/4 97	0 1/4	99 1/4	99 1/4	0	10 1/4	10 1/4
Quest Development 6 7/8 93	100	99	99 1/4	0	0	5.78	Credit Facility 5 1/4 97	0 1/4	99 1/4	99 1/4	0	10 1/4	10 1/4
Quest Development 6 7/8 93	100	99	99 1/4	0	0	5.78	Credit Facility 5 1/4 97	0 1/4	99 1/4	99 1/4	0	10 1/4	10 1/4
Quest Development 6 7/8 93	100	99	99 1/4	0	0	5.78	Credit Facility 5 1/4 97	0 1/4	99 1/4	99 1/4	0	10 1/4	10 1/4
Quest Development 6 7/8 93	100	99	99 1/4	0	0	5.78	Credit Facility 5 1/4 97	0 1/4	99 1/4	99 1/4	0	10 1/4	10 1/4
Quest Development 6 7/8 93	100	99	99 1/4	0	0	5.78	Credit Facility 5 1/4 97	0 1/4	99 1/4	99 1/4	0	10 1/4	10 1/4
Quest Development 6 7/8 93	100	99	99 1/4	0	0	5.78	Credit Facility 5 1/4 97	0 1/4	99 1/4	99 1/4	0	10 1/4	10 1/4
Quest Development 6 7/8 93	100	99	99 1/4	0	0	5.78	Credit Facility 5 1/4 97	0 1/4	99 1/4	99 1/4	0	10 1/4	10 1/4
Quest Development 6 7/8 93	100	99	99 1/4	0	0	5.78	Credit Facility 5 1/4 97	0 1/4	99 1/4	99 1/4	0	10 1/4	10 1/4
Quest Development 6 7/8 93	100	99	99 1/4	0	0	5.78	Credit Facility 5 1/4 97	0 1/4	99 1/4	99 1/4	0	10 1/4	10 1/4
Quest Development 6 7/8 93	100	99	99 1/4	0	0	5.78	Credit Facility 5 1/4 97	0 1/4	99 1/4	99 1/4	0	10 1/4	10 1/4
Quest Development 6 7/8 93	100	99	99 1/4	0	0	5.78	Credit Facility 5 1/4 97	0 1/4	99 1/4	99 1/4	0	10 1/4	10 1/4
Quest Development 6 7/8 93	100	99	99 1/4	0	0	5.78	Credit Facility 5 1/4 97	0 1/4	99 1/4	99 1/4	0	10 1/4	10 1/4
Quest Development 6 7/8 93	100	99	99 1/4	0	0	5.78	Credit Facility 5 1/4 97	0 1/4	99 1/4	99 1/4	0	10 1/4	10 1/4
Quest Development 6 7/8 93	100	99	99 1/4	0	0	5.78	Credit Facility 5 1/4 97	0 1/4	99 1/4	99 1/4	0	10 1/4	10 1/4
Quest Development 6 7/8 93	100	99	99 1/4	0	0	5.78	Credit Facility 5 1/4 97	0 1/4	99 1/4	99 1/4	0	10 1/4	10 1/4
Quest Development 6 7/8 93	100	99	99 1/4	0	0	5.78	Credit Facility 5 1/4 97	0 1/4	99 1/4	99 1/4	0	10 1/4	10 1/4
Quest Development 6 7/8 93	100	99	99 1/4	0	0	5.78	Credit Facility 5 1/4 97	0 1/4	99 1/4	99 1/4	0	10 1/4	10 1/4
Quest Development 6 7/8 93	100	99	99 1/4	0	0	5.78	Credit Facility 5 1/4 97	0 1/4	99 1/4	99 1/4	0	10 1/4	10 1/4
Quest Development 6 7/8 93	100	99	99 1/4	0	0	5.78	Credit Facility 5 1/4 97	0 1/4	99 1/4	99 1/4	0	10 1/4	10 1/4
Quest Development 6 7/8 93	100	99	99 1/4	0	0	5.78	Credit Facility 5 1/4 97	0 1/4	99 1/4	99 1/4	0	10 1/4	10 1/4
Quest Development 6 7/8 93	100	99	99 1/4	0	0	5.78	Credit Facility 5 1/4 97	0 1/4	99 1/4	99 1/4	0	10 1/4	10 1/4
Quest Development 6 7/8 93	100	99	99 1/4	0	0	5.78	Credit Facility 5 1/4 97	0 1/4	99 1/4	99 1/4	0	10 1/4	10 1/4
Quest Development 6 7/8 93	100	99	99 1/4	0	0	5.78	Credit Facility 5 1/4 97	0 1/4	99 1/4	99 1/4	0	10 1/4	10 1/4
Quest Development 6 7/8 93	100	99	99 1/4	0	0	5.78	Credit Facility 5 1/4 97	0 1/4	99 1/4	99 1/4	0	10 1/4	10 1/4
Quest Development 6 7/8 93	100	99	99 1/4	0	0	5.78	Credit Facility 5 1/4 97	0 1/4	99 1/4	99 1/4	0	10 1/4	10 1/4
Quest Development 6 7/8 93	100	99	99 1/4	0	0	5.78	Credit Facility 5 1/4 97	0 1/4	99 1/4	99 1/4	0	10 1/4	10 1/4



## FINANCIAL TIMES SURVEY



# Property along the M4

After a quiet year the western corridor property market is showing signs of renewed buoyancy. Strong competition will be provided, however, by towns along the M25 when it is fully opened over the next few years.

By William Cochrane

"YOU CAN'T keep a good location down." This is how one observer interpreted the news this autumn of three significant new developments along the M4 corridor—events which followed a year of limited tenant interest and stagnation in lettings.

A year ago, when the impending opening of the M25 was adding to the worries of the market, the most common complaint among professionals along the M4 was that while tenant interest had continued, there had been a depressing lack of action. Today, though some developments are still not firm, at least the level of interest seems to have gone beyond casual exploration.

Thus, in Swindon, Chase Manhattan Bank is believed to have been in preliminary talks with the Thamesdown borough council with a view to relocating part of its City of London operations in the 30-acre Croft campus site near the town. A decision is not, however, expected until early 1984.

This strengthens hopes that relocation from London is not a dying fashion; yet it happens a few short months after Reader's Digest decided not to move to the St Martins Property kite at Windmill Hill in Swindon.

Malcolm Savage, chief executive (property) of St Martins, might be forgiven for thinking that an uncommitted Chase could look eventually in his direction, but he also has other possibilities.

"We very nearly made it with Reader's Digest and we are on the point of working out schemes with other people."

St Martins has held the Windmill Hill site—78 acres, including 16 acres of landscaping—for three years. It has planning permission for 1,000 sq ft of office, industrial and warehousing premises. It is providing a free consultancy service, incorporating initial design drawings by its own architects, programmes for construction, and quotations in terms of rent or purchase costs, in the knowledge that the prospective tenant might then turn it all down. "We want the right tenants, and the right mix of tenants," he says.

As far as actual lettings are concerned, Commercial Union Properties' £6m phase II office

development of 50,000 sq ft in Swindon town centre (known as "125 Swindon") has been let to British Rail. The building is to be named "125 House" after the fast, comfortable trains, which give the western corridor part of its attraction.

This is by no means a typical M4 letting situation, however, observes Roger Taylor, senior development surveyor at CUP. For one thing, the signing was made at the end of July, when things looked bleaker than they do now, and the November release of the news coincided with a signing ceremony, rather than the event itself.

## Political pressure

For another, British Rail has been under local political pressure given the partial closure of its engineering facilities at Swindon. But, says Mr Taylor, in proposing to move staff from Marylebone, Wales and Bristol, BR looked at a number of alternative locations, including, apparently, Milton Keynes on the M1 "corridor" which some people see as an alternative to the M4.

However it happened, this is the biggest letting in Swindon for some time and it has set a new rental record at 28 a sq ft. CUP is going ahead with a

50,000 sq ft phase III of this project with outline permission for an adjoining 36,000 sq ft phase IV where the landholdings still have to be sorted out.

The impending M25 intersection, obviously, has made for frenetic activity at the eastern end of the M4 which is hard to totally ascribe to the western corridor itself. At the other end, however, in the third of the major developments affecting the M4 recently, the fast growing U.S. electronics group Hewlett-Packard is cementing yet another link with the corridor.

The company has chosen Bristol for its first research and development laboratory outside Palo Alto, California. It already makes computer memory disc drives for the European market at Bristol and will use the new laboratory as its European R and D centre and to co-ordinate the work of 500 development engineers on this continent.

This was a decision taken first in international terms. HP had to measure the UK and its universities (given its recruitment requirements) against West Germany, France, Switzerland and Japan, as well as other U.S. sites.

However, in UK terms the company seems to have a high

degree of commitment to the corridor with its headquarters, training centre and software development at Pinewood, near Reading and sales and customer support at Winnersh in the same area; it is also looking to take more office space at Bracknell, also in Berkshire.

So there is recent ground, at least, for saying that in industrial and office terms, the M4 is where a lot of people want to be. It is more questionable whether the demand for straight warehousing premises will be quite so buoyant as it used to be. There are lots of motorways which can serve London and the rest of the UK now, especially with the M25, London's orbital motorway, connecting many of them by 1986.

There have been a number of other recurrent themes along the M4 this year. "High-tech" development comes up again and again, perhaps because offshoots of overseas companies are leading the way on mixed use (factory/office/r and d) facilities and they, above all, would want easy access to Heathrow.

Environment is another theme, and should not be dismissed easily. More and more agents are coming round to the view that a given managing director, or even his wife, will

have a lot to do with the location of facilities. Peter Barefoot, who has his own practice in Swindon—which is not regarded as an attractive town—points out that it is much cheaper than Reading, Slough or Bracknell offers access to good living in the beautiful countryside of the Cotswolds and the Marlborough Downs.

## Better prospects

Neither the Trust Securities failed bid for Percy Bilton, nor the Slough Estates approach to Alnatt London Properties and its associate, Guildhall Property, were very relevant to M4 prospects as far as the targets were concerned. But Trust was basing its own value as a bidder on the apparent value of an M4 prospect, its 350 acre Stockley Park site near Heathrow, which Slough's value is underpinned by owning some 75 per cent of the industrial space in Slough itself, and the stock market's conviction that the company can make those assets work as the nucleus of something much wider.

In a sense, these moves could be a demonstration of a general market theory that prospects are now much better than they were a year ago.

It should be said that the Trust Securities share price, 40p at the time of writing against a high of 110p this year, has come back on specific doubts; namely, whether the project will eventually go ahead, although most of the apparent barriers seem to have been removed, and whether it will be the bonanza that people originally expected—given a high element of planning gain and the expense of making the land viable in building terms.

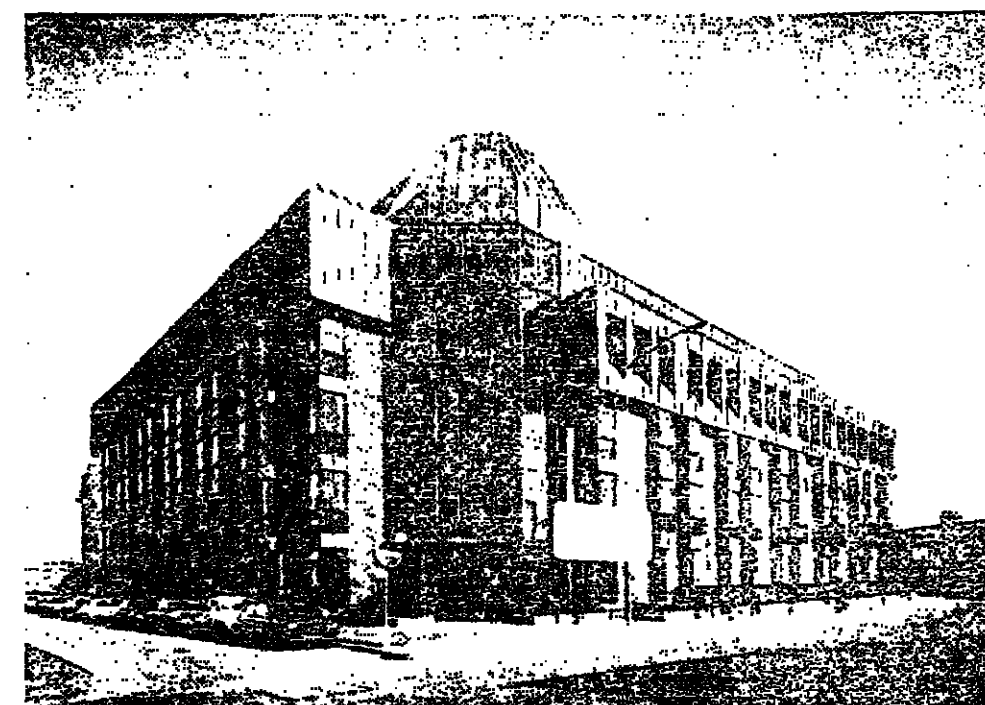
Various developers along the M4 have also been trying to stimulate interest in the "science parks" concept, though the term has been devalued in some parts of the country by its extension to cover what amount to little more than high quality industrial estates.

Doug Smith, of Swindon Enterprise, the industrial development division of Thamesdown local council, argues, however, that there is nothing wrong with science parks, business parks or "high-tech" as long as the properties concerned merit the description. Nor, he says, should places like Bristol

CONTENTS	
Communications	II
Profile: Beacontree Estates	II
Offices	III
Profile: Reading	III
Funding	IV
Bristol's Broadmead	IV
Environment	V
Profile: Newbury	V
Retail units	V
Industrial units	VI

and Swindon be diverted by these from seeking bigger straight production units.

In the long term, he is looking forward to "total concept" development involving a very large area of land: it could include a business park and comprehensive leisure facilities including a golf course, swimming pool and social centre, as well as housing. "This," he says, "is being studied in Swindon."



Commercial Union's £6m office development in Swindon town centre, which has been let to British Rail and is to be called 125 House. The rent—28 a sq ft—is a record for Swindon.

**GOOD COMMUNICATIONS SAVE MONEY  
IN THE  
WESTERN CORRIDOR**

<b>BRISTOL</b> 2,000 - 9,500 sq. ft. Hartnell Taylor Cook 0272 739061	<b>READING</b> 2,400 - 12,000 sq. ft. and 20,000 sq. ft. Campbell Gordon 0734 597555 or Pearson Williams 0734 599918	<b>EALING</b> 5,000 - 15,000 sq. ft. Savills 01-499 8644	<b>ACTON</b> 30,000 sq. ft. King and Co. 01-236 3000	<b>PUTNEY</b> 4,600 - 33,000 sq. ft. King and Co. 01-409 0676
--	--	---	---	--

**INEXPENSIVE COMPUTER SUITES AND OFFICES**  
 AT REASONABLE RENTS  
 SHORT OR LONG LEASES - ALREADY FITTED OUT - IMMEDIATE OCCUPATION  
 24 HOUR ACCESS



## PROPERTY ALONG THE M4 II

## OFFICES

## Seeing is believing...

Experience the elegance of these new offices in the comfort of your own

## KINGS ROAD READING

7195 sq ft or 25,745 sq ft

Full details and video from joint sole agents:

**MATTHEWS GOODMAN & PARTNERS**  
101-248 3200  
95-96 LANE LONDON EC1M 6ER

**BB**  
Buckell & Ballard  
43 Market Place  
Reading RG1 2DS  
0734 507346

## Communications

WILLIAM COCHRANE

FOR MANY years the M4 must have seemed like a golden river to property developers and the agents who followed them around. The motorway's unique access to Heathrow and excellent rail communications to the liberal supply of towns along its length combined to put it into a seemingly unchallengeable position.

But that uniqueness and unchallengeability has come into question over the past two years. When recession bites into a rich area the suffering can be more acute for some than others. So people have been looking at the impending completion in 1986 of the M25, which brings not only its own territory but that along the nearer reaches of the M40, the M3 and even the M1 into contention for the tenants attracted by proximity and access to Heathrow airport.

Peter Barefoot, a consultant surveyor based in Swindon's Old Town (and formerly in Reading) thinks that London's orbital motorway will have a key part to play in distribution. Speaking for himself, he says

that he has had two alternatives in the past in reaching contacts in the London area: first, by train, which involves a fair degree of hassle if material has first to come into Paddington and then travel across London to another railway terminal to get to, say, Croydon or Watford.

The other alternative would be to use the roads and a courier. "With the M25 included," says Mr Barefoot, "the latter option is likely to denude the first."

## Distribution

Put simply, a change in communications facilities is likely to affect communications practice before it tears shreds out of the property market. Costs of land along the M25 route, where access to Heathrow matters most, indicate office rents of £12 a foot or maybe more—much the same sort of rent which is being paid at the "hot" end of the M4, whatever the landlords may be asking.

The distribution of goods and their effect on the warehouse market might well be another matter. Mr Dudley Leigh, involved in an M25 study two years ago by consultants Nathaniel Lichfield and Partners and surveyors Goldstein Leigh and Associates, sees a levelling of warehousing rent differentials all round the M25, with rents in Slough moving ahead much more slowly than rents in the east.

Slough Estates, not surprisingly, sees the proposition from



Heathrow Airport; orbital motorways compete with the M4 for ease of access

a slightly different angle. Like a number of M4 "locals" the company's managing director Wallace Mackenzie takes the view that the M25 will extend the available market but also that it will enhance the prospects of Slough in relation to say, the Channel ports.

However, there have been two items of note from the company recently. One was the joint proposal with Hardaker Estates to develop two sites linked to the M25, one at Heathrow and one at Chessington.

Mr Mackenzie comments: "The M25 is not affecting policy on what we already have (which includes an estimated 75 per cent of the industrial space in Slough itself) but we are interested in new development sites which 'come good' because of it." The latest development proposals could add a £10m investment to a corporate clutch of M25 locations at High Wycombe, Aylesbury, Braine, Bishops Cleeve, Hertford, Welwyn Garden City and Crawley.

Slough Estates is also aiming to broaden its base with the acquisition of Allmatt London Properties and its associate Guildhall Property, which own some £150m of industrial property between them, mainly in north-west London. The corporate logic is that Allmatt and Guildhall have the locations but lack the financial muscle to exploit them; for the property market the suggestion might be that the hot spots on the western border of London could get even hotter as M4 and M25 connect.

Peter Barefoot accepts that M4 locations will have to work harder in future but thinks that the M25 will also increase the size of the local market. "The good patch has got bigger," he says, "and it will be even harder

for places like enterprise zones to attract tenants in future."

He points out too that the M25 is not the only intersection which matters on the M4. The prime route from Southampton to Birmingham, as he sees it, is a dog leg taking first the A34 north, the M4 to Newbury, the M4 to just east of Swindon and the A419/A17 to Gloucester or Cheltenham, picking up the M5 there for the Birmingham stretch.

"The A34 is a good road north from Southampton but had after Newbury," he maintains, "and the A419 is a good road north from the M4 and a bad road south." Apparently the Department of Transport is considering a dual carriageway for the whole of the northern A419 stretch.

## PROFILE: BEACONTREE ESTATES

## Opting against the M25

SITUATED about a mile west of Heathrow and 1½ miles north of the M4-M25 junction now under construction, the Beacontree Estates light industrial/warehouse scheme at Poyle puts the developer right at the sharp end of the M4-M25 location argument—that is, in terms of where it goes next.

Over the past two years Beacontree has developed 243,000 sq ft of space at Poyle where, says joint managing director Quentin Jones, the company has been paying up to £24m an acre for its land. The scheme has a total investment value "probably

approaching £20m," says Mr Jones, noting, however, that it was mostly developed for sale to the fund—the National Water Council Superannuation Scheme, the Greater Manchester County Council Superannuation Fund and the Vickers Pension Trustees.

A number of agents, including Campbell Gordon and Healey and Baker, have let 43 units so far at average rents of £4 a sq ft—up to £5.10 for smaller units. However, Poyle is a development island in a Green Belt zone and Beacontree is having to look further afield for prospective sites.

The company is negotiating for another one-and-a-half acres at Poyle. Elsewhere it has done a deal for an acre on the northern side of Slough and has another prospect at Reading. If pushed, Mr Jones would admit to interest in the eastern ends of both the M40 and the M3, maintaining the Heathrow connection.

There is no talk of further north, south or east on the M25. Beacontree says broadly that it is interested in letting to a certain sort of company and the clear implication is that the M25 is not fashionable enough, now or prospectively, to conform to these requirements.

Design standards for mixed-use buildings in the U.S., and in California in particular, have strongly influenced the shape of Beacontree's Poyle Aero Centre and the Skytech Centre—both of which, incidentally, it funded from its own resources (to the tune of £2.1m).

Major tenants for the Aero and Skytech centres include two large U.S.-owned computer companies—not, says Mr Jones, at the soft end of that market where video games are not a licence to print money any more. On

the other estates there is a "complete mix," says Mr Jones, talking of outright companies, a mix of local and national companies in "average industries" and singling out the products of management buy-outs which account for half-a-dozen tenants in total.

Richard Mink, Beacontree's other joint managing director, sets out the basic philosophy: "Modern technologically-based industry has four main property requirements," he says.

## Identity

"First, of course, location. Secondly, the building must provide tenant identity—it must make a strong positive statement about the tenant or occupier. Thirdly, there must be a high content, with flexibility of design and use; fourthly, the building must be of the highest specification."

Location, then, is not so much a matter of distance from a focal point with equally good access but more exactly where a company wants to be in relation to that focal point.

It may be that Beacontree's position is too finely tuned for an argument which could encompass a choice between Swindon in Wiltshire and Beacontree in Essex but at least it has the merit of being a practical, as distinct from a theoretical, point of view.

This helps with the other argument, that the M25 between the M1 and M4 intersections will be over-tracked and inadequate. Mr Jones notes that the M4 gets by with two lanes on the Chiswick flyover. That section is included in the stretch between West London and Heathrow.

William Cochrane

**Preliminary Announcement**

# READING BERKS

## Renault Distribution Centre

### TO LET-144,103 sq.ft. WAREHOUSE

Including 19,800 sq.ft. Offices  
(1½ miles from M4, Junction 11)

**Jones Lang Wootton**  
Chartered Surveyors  
103 Mount Street, London W1Y 6AS  
01-493 6040

**DRIVERS JONAS**  
16 Suffolk Street, London SW1Y 4HQ  
Tel: 01-930 9731

## MOVE INTO SPACE.

### 'SPECTECULAR' MODULES TO BE LAUNCHED SHORTLY.

The Windmill Hill Business Centre, Europe's most exciting integrated business park, 2 minutes from the M4, on the outskirts of Swindon, now offers expanding companies spectacular technologically-advanced business modules with construction starting in January 1984.

Four highly individual units, set in parkland around an ornamental lake, providing up to sixteen modules of flexible space. Imaginatively designed in high-performance tinted reflective glass, each unit offers impressive internal features such as full air-conditioning with thermal recovery, raised computer floors at ground level, double glazing, parabolic

reflector ceiling lighting, high quality carpeting and maximum internal partition flexibility.

No two units are identical in size, giving a full range of choice between individual modules or combinations extending to one or two complete units.

Units from 9,624-20,470 sq.ft.  
Individual modules from 1,970-6,242 sq.ft.

For full details of this remarkable opportunity to move into space, contact the joint agents.

**Hartnell Taylor Cook**  
20 The Mall, Clifton, Bristol BS8 4DR.  
Tel: 44234.  
Tel: 0272 739061.

**Knight Frank & Rutley**  
20 Hanover Square, London W1M 1JN.  
Tel: 01-629 8171



A development by the St. Martins Property Group.

Design standards for mixed-use buildings in the U.S. strongly influenced the shape of the Aero Centre. Above: the building under construction.

A Development by London & Leach Investment Limited

## TECHNO TRADING ESTATE SWINDON

TO LET AS A WHOLE OR IN TWO PARTS ONLY

**Unit 23A**  
27,120 sq.ft. of office.  
Including 2,950 sq.ft. of office.  
Heating to office and warehouse areas.  
Three phase power.  
Large yard.

**Unit 23B**  
18,880 sq.ft. of office.  
Including 2,950 sq.ft. of office.

**GRANT**  
01-629 8501

**Farrant & Wightman**  
(0793) 33301

## TWO OF THE BEST IN Hammersmith W6

**KEMP & HAWLEY**  
01-405 8161



## PROPERTY ALONG THE M4 III

## More selective approach to development adopted

## Offices

DAVID LAWSON

WHILE THE British property market was sinking under the weight of the recession, the towns and cities spread along the M4 corridor running west from London appeared to remain happily afloat. A variety of factors contributed to this buoyancy, not least the motorway itself, which provided the vital element of fast communication with the hub of the economy in the south east.

In the past year, however, some of these centres have settled very close to the waterline and few have been making much headway in the economic calm. Perhaps the main problem is that in the provision of offices at least, the M4 corridor has become the victim of its own previous success.

In the good years, developers fought for the chance to provide premises for companies relocating out of the expensive London area, for fast-growing local concerns and for foreign companies moving into the most favoured location in Europe. This momentum carried them into the downturn, leaving many centres oversupplied with new space or overshadowed with a large stock of planning approvals.

## Questionable

Knight Frank and Rutley, in their second annual report on the Western Corridor, calculated that 2.8m sq ft was completed in 1982 compared with 2.16m a year before. Some 4.4m sq ft was under construction at the beginning of 1983, marginally more than the previous year while consents climbed by 2m sq ft to 10.2m sq ft.

Some aspects of the report can be questioned. Firstly, it has been overtaken by events: some key lettings have taken place in Bristol, Bracknell and Swindon which both reduce the stock and suggest that demand continues for the right sort of building, albeit at a lower level. KFR also suggested that

developers have concentrated too much on the large office blocks they think will appeal to relocating companies. Yet these could well be the ones with the best location and quality of finish, which is proving the main factor in winning tenants in a tougher market.

While funds are generally reluctant to be drawn into speculative developments in the same way, they are still hungry for the right schemes. Greg Cook, of agents Weatherall Green & Smith, says overall supply figures may be ignored if developers believe that much of this is poorly located or finished.

Legal & General, for instance, have backed the first phase of the 550,000 sq ft development, which MEPC proposes to start in King's Road, Reading, even though more than 300,000 sq ft of new space is available and another 1m sq ft or so is on the cards. The Prudential is similarly pursuing plans for 200,000 sq ft around the town's rail station.

In Bristol, the Prudential is willing to pay Exley-Tyres some £12m to create 140,000 sq ft on the inner ring road although latest figures from agents Hartnell Taylor Cook show more than 550,000 sq ft new space available and more than 400,000 sq ft under construction.

This is an investment in location and quality, according to Ian Gordon of the Pru; a bet that such factors will allow a new development to jump the queue of existing schemes to win tenants.

He already has a success story emerging with a letting on the 40,000 sq ft Portwall House due to be announced at rents above £6.50 a sq ft. For the future, he would be cautious about further developments—unless another "superb" location emerged. But that could be said of much of the M4 corridor.

This letting, plus the deal between Wellbeck Finance and Needs Developments for 58,000 sq ft in Bond Street House for around £6.50 a sq ft, will ease the weight of supply and some funds have already started sniffing around the city to guess the timing of the next swing in the market.

Swindon's local council spends a lot of time encouraging

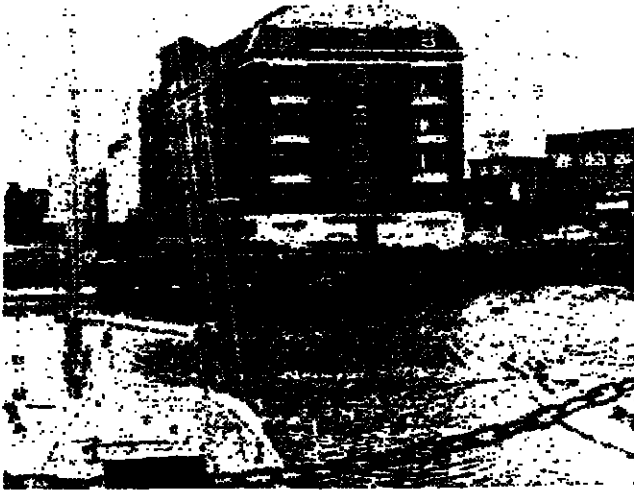
developers and new tenants and would consider the large amount of space going up in the town centre with some delight. It looks to the investor, however, like a deal too much in one lump to be comfortable about starting further schemes. Something like 10 buildings are on the stocks, mainly in the 30,000 to 50,000 sq ft bracket while some 780,000 sq ft of planning consents were in force at the beginning of the year and a similar amount in proposals without permission.

## Domination

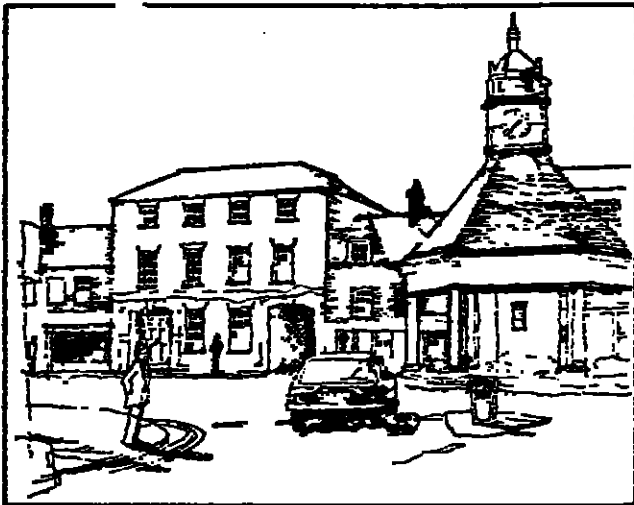
Relocating companies have dominated the scene in the past and Chase Manhattan Bank is the most recent big name looking at the opportunities here. The council may be aiming to get the bank onto its 28-acre Croft Campus greenfield site south of the centre, where permission has been granted for 300,000 sq ft. This would displace St Martin's Property, which has a potential 1m sq ft at Windmill Hill and Taylor Woodrow with 370,000 sq ft proposed in Delta park, both greenfield schemes. St Martin's has decided to start on advance office units rather than wait for a tenant.

Heathrow Airport, perhaps the most powerful attraction in Britain to expanding companies, has helped keep the eastern end of the corridor relatively active. The letting of the 51,250 sq ft Miller House in Bracknell to Hewlett Packard for £12.50 a sq ft and the 50,000 sq ft Runnymede House in Swindon to Sony shows that large buildings in the right place can win top tenants—although it must be said that Miller House was available for some time. Trafalgar House is taking advantage of the attraction of Bracknell by building a 56,000 sq ft block in the centre.

Large developments may be more of a problem elsewhere. The rationalisation moves of the Bank associates and the creation of two new buildings has left something like 300,000 sq ft of new space on the market. The exceptional rents of £14 a sq ft obtained a couple of years ago distorted the market and there could be a problem obtaining the £18.75



Above: offices with a view. Merchants' House overlooking Bristol's floating harbour. Below: offices which make a view. Berkshire House, the Broadway, Newbury, which is being developed by Whittingham Property and is scheduled to be completed by the end of the year.



asking levels now—even though they have been cut from the original £18 level.

Ealing and Hammersmith have an enormous amount of new space under way following development decisions made a couple of years ago. Allied-Lyons were unable to find funding for the 450,000 sq ft Cadby Hall redevelopment and Brudero is still trying to make a viable scheme out of plans for 700,000 sq ft in the town centre.

Smaller buildings seem a better bet for finding tenants now and in the near future. In Staines, for instance, Crowsgap has achieved £12.50 a sq ft of

the 16,500 sq ft Birch House in Kingston; Canada Life has let the 11,500 sq ft Berkeley House for almost £11.50 a sq ft; and in Bracknell, Scottish Mutual has its 13,800 sq ft block on London Road reserved at £11.50. Weatheralls were involved in all the deals.

Therefore the overall picture in the western corridor is of long-term confidence in growth but a more selective approach to development based on high quality buildings in the right location. Some wrong decisions in the euphoria of the boom may be regretted for some time to come, however.

## Putting back the sheen on a tarnished image

READING'S tarnished image as a star performer for office property is regaining some of its sheen because of a gradual revival of tenant interest. The recovery is slow but by the middle of next year the market balance should be right for new development to be started.

The town typified many of the successes and problems of the M4 corridor in the last decade. A combination of the new motorway, the high-speed rail service to London and a dramatic growth in the Thames Valley economy because of relocation and high-tech industry turned it from just another Berkshire market town into a booming office centre. Some 2m sq ft was added to Reading's stock of 1.5m sq ft.

The planners restricted development below demand levels, however, so rents soared from around £13.50 a sq ft in 1970 to a peak of £25.50 in 1981. This attracted more developers and investors eager for a share of this bonanza and a string of planning appeals was fought out around the start of the 1980s. Most were won, despite the Government's approval only a couple of years previously of a restriction on development to a mere average of 150,000 sq ft a year.

By then, however, demand had collapsed. Space coming out of the ground in the last couple of years has gone begging for tenants when the previous decade saw no major buildings finished without some pre-letting. The town now has an oversupply of new space, with 300,000 sq ft or more available (about 12 per cent of stock) and more than 1m sq ft of outstanding consents. Rents have fallen to £12 and below, if the cost of letting concessions like rent-free periods are taken into account.

The set-back was no bad thing, as it took excessive heat out of the market. Several big lettings have surfaced in the last year to skim off some of the surplus space but no-one is making a return to forecasts of excessive rent increases.

Local agents, Campbell Gordon, have made few changes to their summer

survey, which forecast that the oversupply would disappear by the end of next year and rents would begin to move up again. This would encourage some of the schemes with planning consent to be started—which would, in turn, control excessive rent increases.

International consultant surveyors Richard Ellis took a similar view. They forecast a return to a more balanced market by next year—albeit at higher levels of availability than in the past—with further space becoming available in 1985-86.

## Reading's offices

DAVID LAWSON

This extra space could have a fundamental effect on the market in Reading. The surveyors believe demand in the town has been restricted in the past by lack of suitable space and imply that developers have been able to get away with buildings in poor locations or with poor finishes.

While a two-tier market already exists between new and older property, the prospect of a reasonable surplus in future will take some new property down into the lower rent bracket. Campbell Gordon goes further by suggesting that some developers will have to accept that there are new buildings which are virtually unlettable because of modern tenant demands in a buyers' market.

This will be firmly in the minds of those with developments either available or in the pipeline. If the buildings have been costed in the belief that rents would be well above £12.50 for all new premises by now, they may have to rethink their figures.

Some schemes are obviously in the highest bracket. Royal Berkshire House, the 70,000 sq ft block put up by London and Edinburgh Trust and CAA Superannuation next to the Butts shopping centre, seems likely eventually to go for close to the £12.50 asking rent, as it no longer has any

competition in this size bracket since ICL took King's House. Arundell House and Scottish Widows should also not be far out with the calculation of rents on their 40,000 sq ft King's Road scheme at above £12, made in the funding deal two years ago.

Both projects are complete and should benefit from rising demand and stable supply for the next year or so—as should a handful of other well-planned schemes.

Three giant schemes and several smaller ones are on the stocks waiting to be fed into the market when it can take the extra supply. ● MEPC has finally sorted out its contract tangle with the county council and should be on site with its 350,000 King's Road development next year, backed by Legal & General.

● A decision is expected at any time from the local council on the 200,000 sq ft plans proposed by the Prudential and British Rail around a new railway station in the town centre. There were hopes that the new Tory-controlled council would speed this through after 10 years of planning restrictions in the town centre but obstacles have not completely disappeared. An appeal is still pending on an earlier refusal and the fund is committed to fight for the scheme. ● The Courage Breweries site remains in the melting pot after Trafalgar House pulled out of the agreement to build a new Courage HQ plus about 245,000 sq ft of speculative offices. It looks as though Macwall is the new front runner but the plans would need rethinking under current conditions.

● Alder Valley still seems determined to win permission for more than 200,000 sq ft of offices on the town centre bus depot site—another scheme which will probably need to go to appeal.

Phasing will be the order of the day for these developments. Any two together would swamp even an improved market. But it would take only a Finor or Chase Manhattan Bank to remove one giant scheme from the potential supply list and start another rolling.



## WHAT YOU LOSE WHEN YOU MOVE TO SWINDON.

For more and more companies, leaving London removes the millstone of the world's highest rents and rates. By moving to Swindon you cut your overheads and increase efficiency.

London 50 minutes by train. The M4 on your doorstep. Heathrow faster than from London's centre.

Guaranteed housing for key personnel. Full relocation assistance and introduction to funders. A large underemployed workforce. Training facilities geared to future needs. Wiltshire's outstanding quality of life and a wide range of Business Parks for offices and hi-tech operations.

No wonder companies like Hambro Life, Nationwide, Lowndes Lambert and National Employers' Mutual were attracted to Swindon. They analysed the gains.

Contact Douglas Smith, Industrial Adviser, Civic Offices, Swindon. Tel: (0793) 26161 or Telex: 444449.

JOIN THE  
**SWINDON**  
ENTERPRISE



## BERKSHIRE HOUSE NEWBURY New Top Quality Office Renovation and Extension 4,666sq.ft. TO LET

Whittingham  
Property



Herring  
Son & Day

BBUCKELL  
BALLARD

## QUAYSIDE HOUSE WINDSOR

A PRESTIGE NEW OFFICE DEVELOPMENT  
OVERLOOKING THE RIVER THAMES

- ★ SELF-CONTAINED
- ★ AIR-CONDITIONED
- ★ TWO PENTHOUSE FLATS
- ★ 15 CAR SPACES
- ★ COMPETITIVE RENT

7,350 sq. ft.

AVAILABLE NOW

TO LET

Sole Agents:

Lane Fox & Partners  
36 NORTH AUDLEY ST. LONDON W1Y 7EL  
01-499 4785

## PROPERTY ALONG THE M4 IV

# Investment interest holding up well

Funding  
MICHAEL CASSELL

PROPERTY is hardly top of the investment popularity charts. While the continuing and detailed reassessment of commercial and industrial occupation requirements prolongs one of the property market's biggest post-war shake-outs, the rethink among investors is proving no less fundamental.

The reasons for property's recent fall from grace are well rehearsed: a decline in performance when set against other investment vehicles (some of which have been doing particularly well); the poor outlook for any significant improvement in that situation; the prospects for a lower-inflation economy; lower overall cashflows for investment; and, to some extent, rising overseas investment alternatives.

At the same time, the lacklustre performance of commercial real estate—tied directly to the state of supply and demand in the marketplace—has coincided with a period in which many investors have, for the first time, reached what are regarded as prudent exposure levels. They would not, therefore, have planned to pursue anything other than a portfolio balancing exercise in which bits and pieces were sold and others were bought in.

Property is far from being a dead duck, however, and—in the same way that the market for accommodation has polarised sharply as demand has weakened—so too has the market for investments.

Overall, retail property—sup-

ported by the mystifying but point of view, it is the region which can most reasonably claim to offer a thriving and expanding future, whatever fate awaits the UK economy overall.

With a list of characteristics more fully described elsewhere in this survey, most of the business centres which have grown up to the west of London provide a readily accessible, environmentally pleasant backdrop against which domestic and international, newly developing and long-established businesses can operate.

Given the additional benefit of accommodation costs which might look expensive compared with most parts of the country but which look excellent value for money when set alongside those demanded in the London area, the region's popularity represents no big mystery.

Equally unsurprising, therefore, is the strength of investment interest which the region's property market has continued to stimulate.

On the basis that property is supposed to be a long-term business and in the hope that the current malaise is a short-term phenomenon, huge capital programmes involving institutional and corporate funds are being sunk into property in the area—and invested in sectors of the real estate market which are being studiously avoided in many other regions.

Beyond London, only one region can fairly claim to have maintained a moderately active and encouraging profile—the wedge of country which runs due west from London along either side of the M4 motorway to its way to the Bristol Channel.

Even more importantly, from a potential property investor's

point of view, it is the region which can most reasonably claim to offer a thriving and expanding future, whatever fate awaits the UK economy overall.

With a list of characteristics more fully described elsewhere in this survey, most of the business centres which have grown up to the west of London provide a readily accessible, environmentally pleasant backdrop against which domestic and international, newly developing and long-established businesses can operate.

Given the additional benefit of accommodation costs which might look expensive compared with most parts of the country but which look excellent value for money when set alongside those demanded in the London area, the region's popularity represents no big mystery.

Equally unsurprising, therefore, is the strength of investment interest which the region's property market has continued to stimulate.

On the basis that property is supposed to be a long-term business and in the hope that the current malaise is a short-term phenomenon, huge capital programmes involving institutional and corporate funds are being sunk into property in the area—and invested in sectors of the real estate market which are being studiously avoided in many other regions.

Beyond London, only one region can fairly claim to have maintained a moderately active and encouraging profile—the wedge of country which runs due west from London along either side of the M4 motorway to its way to the Bristol Channel.

Even more importantly, from a potential property investor's

point of view, it is the region which can most reasonably claim to offer a thriving and expanding future, whatever fate awaits the UK economy overall.

With a list of characteristics more fully described elsewhere in this survey, most of the business centres which have grown up to the west of London provide a readily accessible, environmentally pleasant backdrop against which domestic and international, newly developing and long-established businesses can operate.

Given the additional benefit of accommodation costs which might look expensive compared with most parts of the country but which look excellent value for money when set alongside those demanded in the London area, the region's popularity represents no big mystery.

Equally unsurprising, therefore, is the strength of investment interest which the region's property market has continued to stimulate.

On the basis that property is supposed to be a long-term business and in the hope that the current malaise is a short-term phenomenon, huge capital programmes involving institutional and corporate funds are being sunk into property in the area—and invested in sectors of the real estate market which are being studiously avoided in many other regions.

Beyond London, only one region can fairly claim to have maintained a moderately active and encouraging profile—the wedge of country which runs due west from London along either side of the M4 motorway to its way to the Bristol Channel.

Even more importantly, from a potential property investor's

point of view, it is the region which can most reasonably claim to offer a thriving and expanding future, whatever fate awaits the UK economy overall.

With a list of characteristics more fully described elsewhere in this survey, most of the business centres which have grown up to the west of London provide a readily accessible, environmentally pleasant backdrop against which domestic and international, newly developing and long-established businesses can operate.

Given the additional benefit of accommodation costs which might look expensive compared with most parts of the country but which look excellent value for money when set alongside those demanded in the London area, the region's popularity represents no big mystery.

Equally unsurprising, therefore, is the strength of investment interest which the region's property market has continued to stimulate.

On the basis that property is supposed to be a long-term business and in the hope that the current malaise is a short-term phenomenon, huge capital programmes involving institutional and corporate funds are being sunk into property in the area—and invested in sectors of the real estate market which are being studiously avoided in many other regions.

Beyond London, only one region can fairly claim to have maintained a moderately active and encouraging profile—the wedge of country which runs due west from London along either side of the M4 motorway to its way to the Bristol Channel.

Even more importantly, from a potential property investor's

point of view, it is the region which can most reasonably claim to offer a thriving and expanding future, whatever fate awaits the UK economy overall.

With a list of characteristics more fully described elsewhere in this survey, most of the business centres which have grown up to the west of London provide a readily accessible, environmentally pleasant backdrop against which domestic and international, newly developing and long-established businesses can operate.

Given the additional benefit of accommodation costs which might look expensive compared with most parts of the country but which look excellent value for money when set alongside those demanded in the London area, the region's popularity represents no big mystery.

Equally unsurprising, therefore, is the strength of investment interest which the region's property market has continued to stimulate.

On the basis that property is supposed to be a long-term business and in the hope that the current malaise is a short-term phenomenon, huge capital programmes involving institutional and corporate funds are being sunk into property in the area—and invested in sectors of the real estate market which are being studiously avoided in many other regions.

Beyond London, only one region can fairly claim to have maintained a moderately active and encouraging profile—the wedge of country which runs due west from London along either side of the M4 motorway to its way to the Bristol Channel.

Even more importantly, from a potential property investor's

On behalf of the Director of Estates Services County of Avon

## 33 Wine Street, Bristol.

FINE  
MODERN  
OFFICES  
TO LET

22,000 SQ.FT.

AVAILABLE IN SUITES  
FROM 2,500 SQ.FT.

- ★ High Quality Specification
- ★ Central Location
- ★ Extensive Car Parking
- ★ Ready Nov. 83



JP Sturge

24 Berkeley Square Bristol BS8 1HU  
Telephone: (0272) 276691

## Long overdue facelift in the pipeline

Bristol's  
Broadmead  
ROBIN REEVES

"THE REAL problem is that the city council built Broadmead shopping centre in the 1950s and they have been feeling guilty about the result ever since. They feel they failed the citizens."

This comment from a close observer of the Bristol property scene goes some way towards explaining why the city has agonised for so long over the future development of its shopping facilities.

While the council has happily pressed ahead with encouraging Bristol's development as a major office and high technology industrial centre, having got it wrong once, this confidence has not extended to ensuring that the city has a retail centre to match, and enhance its claim to be the capital of the south-west of England.

Broadmead is Bristol's principal inner city shopping area, extending to 29 acres with 1.12m sq ft of retail space. There are three department stores, three other variety stores, two large and 255 small shopping units, one hotel and one public house.

It was built to replace the old principal shopping centre located along Castle Street and

Wind Street, destroyed by World War II bombing. Apart from a general lack of architectural merit, it has inadequate car parking facilities (one multi storey for 772 cars), it does not have a major food outlet, and it has a slightly scruffy appearance.

It was against this background that the Conservatives took control of Bristol City Council last May for the first time for 10 years. They were confronted almost immediately by a major problem, initiated by their Labour predecessors, aimed at radically strengthening Bristol's attractions as a retail centre.

The first was a £30m project to extend Broadmead by building an underground shopping complex and a two-level 1,000-space car park under Castle Green which lies immediately to the south of the existing shopping complex.

### Speciality shopping

The second was a report from property consultants, Hillier, Parker, May and Rowden which put forward a scheme for the comprehensive re-development of the Canon's Marsh area of the city—some 30 acres of the dockland which still remains to be redeveloped. The report also suggested the provision of a major supermarket and up to 150,000 sq ft of speciality shopping.

Both schemes had genuine attractions and perhaps in a more auspicious economic climate one or both might have gone ahead. But the Conservatives have made as their first priority a reduction in the city's heavy rates burden, arising in particular from the building of the 40m Royal Portbury Dock at Avonmouth in the mid 1970s.

Because of the downturn in international trade due to the recession, debt charges on Royal Portbury alone are costing Bristol ratepayers £20 per person per year.

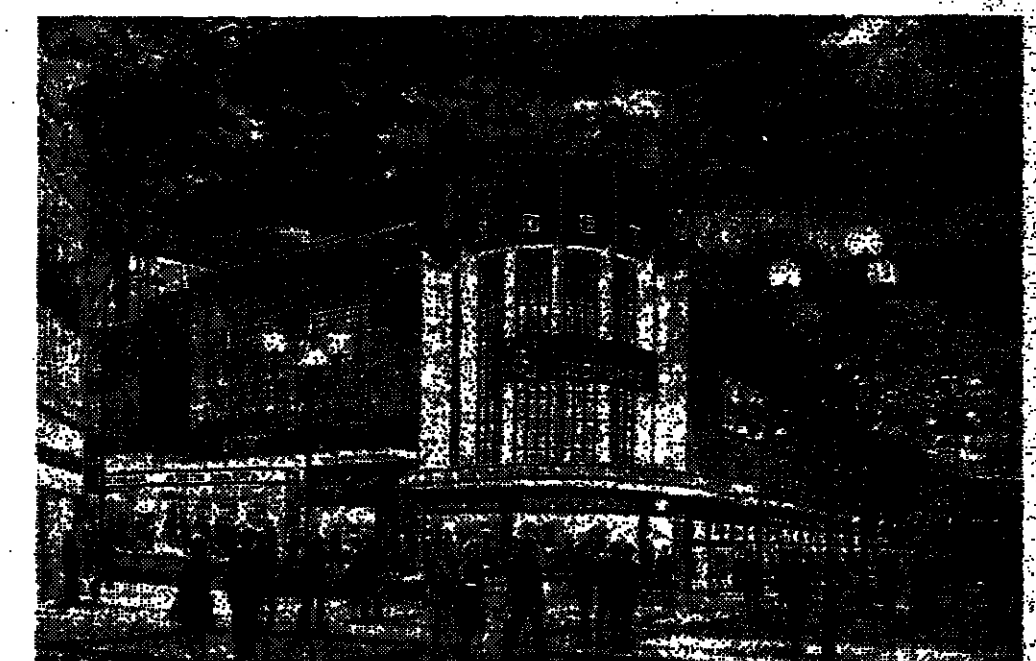
The upshot has been the adoption of a more cautious approach. Firstly, the council has set aside both the Castle Green scheme and the Canon's Marsh plan.

Secondly, it has reaffirmed that Broadmead will remain the city's prime shopping centre. If Broadmead is to be extended, then the council continues to prefer a longer-standing proposal for building eastwards over a major road to a site owned by builders William Cowlin.

For this scheme, planning permission for 270,000 sq ft of shopping space and more than 50,000 sq ft of office space already exists but agents Lalonde Bros and Parham have so far been unable to find an anchor tenant.

At the same time, the freehold of Broadmead will not be sold off, as was at one time rumoured. But as part of an exercise aimed at raising some £50m, to cut rates by 7p in the pound, the council has decided to raise around £30m by renegotiating the tenancy structure of Broadmead.

Most of the existing tenants have 99-year, non-reviewable



The shape of things to come: Stonehenge Properties' £4m development scheme in the heart of Broadmead. Up to five shops are planned for the 25,000 sq ft of retail space available, the existing cinema is to be split into three and the paved area around the cinema is to be extended. Work is expected to be completed within a year.

leases which yield the city only around £800,000 per annum. But since most are now one third expired, the signs are that they will be happy to exchange them for fresh 125-year leases with 21 per cent indexed ground rents.

If everything goes according to plan—a deadline of June 30 next year, has been set for renegotiation of the leases—the Conservative administration believes it will have found the right way forward.

The resulting revenue will not only make an important contribution towards resolving the debt problem but also yield sufficient income to give Broadmead a long overdue facelift and Bristol a main shopping centre worthy of its status as a regional capital.

## THAMES VALLEY OFFICES

ASCOT	9,325 sq. ft.
BRACKNELL	18,565 sq. ft.
NEWBURY	10,860 sq. ft.
READING	19,260 sq. ft.
WOODLEY (Reading)	5,000 sq. ft.

## TO BE LET

Full details from Ref O/LKM

Hillier Parker  
May & Rowden

77 Grosvenor Street, London W1A 2BT  
Telephone: 01-629 7666  
also City of London, Edinburgh & Overseas

## A CONCEPT FOR YOUR

## PARK WESTERN

Western Avenue London W3

315,000 sq ft net of flexible office accommodation in units from 30,000 sq ft. Sites for sale.

400,000 sq ft net of warehouse/industrial accommodation ranging from 8,000 sq ft.

Industrial and office buildings constructed to purchasers/tenants specification.

Jones Lang  
Wootton  
Chartered Surveyors  
103 Mount Street  
London W1Y 6AS  
Telex 23958 01-493 6040

Dron & Wright  
Chartered Surveyors  
5 Burgon St, St Andrew's Hill,  
London EC4V 5DB  
01-248 5799

COMPANY'S GROWTH

## Westminster House

53 WINDSOR ROAD SLOUGH

A new 10,000 sq. ft. high quality office development with parking for 42 cars

Lambert Smith  
35A High Street  
London W1Y 5JH 01-493 8424

King & Co  
10 Grosvenor Street  
London W1A 2BT  
01-409 0676



## PROPERTY ALONG THE M4 V

## Corridor scores well for location and surroundings

THE REASONS why a company will choose a particular town or area to site a new headquarters or build a new factory are difficult to pin down. They vary according to type of company, ownership and size, but it is clear that location and surroundings are prime considerations.

The M4 corridor undoubtedly scores well in terms of location, thanks mainly to easy access to London, Heathrow Airport and the south-west of the country, while in terms of environment the countryside of Berkshire, Wiltshire, Avon and adjacent counties is some of the best in Britain.

However, business environment is probably even more important, since slow and successful companies usually want to associate themselves with areas of potential growth rather than industrial decline. This has to be weighed of course against the financial inducements of locations with assisted area status.

It may be argued that if a company is going to relocate to Bristol it could be worth its while to move a little further into Wales and gain grants on the capital investment involved. On the other hand, a company such as Hewlett-Packard, which recently announced that it had chosen Bristol for its first research and development laboratory outside the U.S., clearly regards such benefits as unimportant in the long term.

Hewlett-Packard already makes computer memory disc drives for the European market at Bristol and plans to develop closer relationships with British universities. It will recruit 50 research staff for its new operation this year and employ up to 200 research professionals by 1987.

Any company which has to compete in the increasingly difficult market for highly trained and well-paid professionals now bears in mind that its location will affect recruitment. Bristol, with a concentration of high technology industries, is therefore likely to attract companies of the same kind.

This was underlined recently by Mr Norman Tebbit, the

Trade and Industry Secretary, who said: "The M4 corridor is reputed to have the highest concentration of computer software expertise in the world and it is already the home of many multinational companies and a substantial research and development effort."

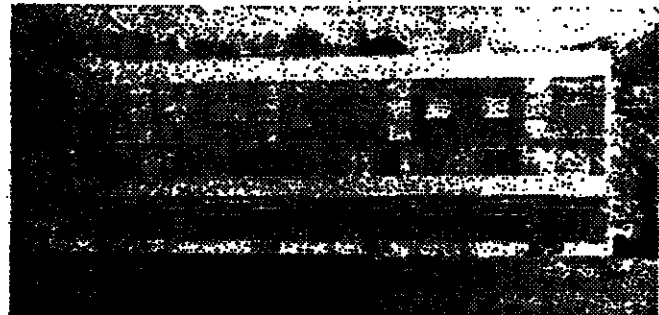
According to Mr Douglas Smith, industrial adviser in Swindon, the prime reason for office relocation from London—mainly administrative functions of large companies—is the high cost of space in the metropolis and the lack of space for growth. He points out that although space for office staff

## Environment

LORNE BARLING

may be adequate many companies now need additional facilities for computer installations. Chase Manhattan Bank, for example, is now considering moving some operations to Swindon.

International investment had also swung towards Britain in recent years, also for cost reasons, since locations in Switzerland, Holland and Belgium



Fielden Clegg's residential development in Bath (above) combines a central location with quality construction, its energy conservation aspects being a major selling point. It has triple-glazed windows, 90 mm cavity wall insulation and 150 mm roofing insulation. The units are fitted with external blinds to prevent solar gain when the occupier does not want it. "If you compare a house with a car," says Richard Fielden, "it is so crude—the conditions under which it is produced so rudimentary—that you have to keep the systems involved as simple as possible."

## Rapid take-up despite controversy

THE IMPORTANCE of good environment for relocation is well illustrated by the recent popularity of Newbury in Berkshire, a town which has all the advantages of good communication besides the superb countryside surrounding it.

Inevitably, the development of offices and light industrial premises has aroused some controversy locally, in view of the essentially rural nature of the town and its strong links with horse racing and training. However, a considerable amount of development is going ahead and there is no shortage of companies wishing to take space there.

The largest development is the Royal Berkshire Centre, developed by Wiggins Rockhold, a joint company formed by local company Rockhold and the Wiggins Group. Infrastructure work was mainly completed last year on the 49-acre greenfield site and Sony UK is now constructing its new national distribution centre on 15 acres of the centre.

This rapid take-up owes much to the location of Newbury, since it not only benefits from its proximity to the M4 but to north-south road links, either existing or planned, which will provide easy access both to the Midlands and Southampton. Sony conducted computerised traffic studies which confirmed the benefits.

An additional one and a half-acre site has been taken by the Automobile Association for one of its Relay depots but more significantly there is a possibility that Syntex, the pharmaceuticals manufacturer now based at Maidenhead, will develop 25 acres at Royal Berkshire for a new national headquarters, for which planning consent has been granted.

## Newbury

LORNE BARLING

According to Mr Chris Watts, forward planning officer for Newbury council, the town is now attracting a lot of interest from larger companies, with Bayer UK having established itself in 150,000 sq ft of offices and Blue Circle converting Aldermaston Court near the town into a new headquarters.

In addition to the communal benefits, he attributes the high level of inquiries to the considerably lower costs available locally on rent and rates and to the environmental advantages. Recently a number of companies have had to be turned away because of the lack of larger parcels of available land.

County policy, governed by the county plan, is to attract sufficient new companies to ensure a fall in the unemployment level, which is now at about 8 per cent, well below the national average. The policy is also aimed at providing sufficient accommodation for incoming workers—but within limits.

The second major development in the area is expected to be undertaken by Arlington Securities on a 27-acre site, for which an application has been made for a mix of offices and light industrial units. Planning permission for light industrial use has been granted but the developers are now seeking a higher proportion of offices.

Mr Toy Eames, financial director of Wiggins Rockhold, says that the local planners have retained a degree of control over the type of development on the Royal Berkshire site, since owner occupiers have had to submit plans for approval.

However, this has in no way discouraged development in Newbury, which is also likely to be undertaken by the longer term on security value, since restraint on building (because of the lack of available land) will ensure that property values do not suffer from over-supply.

Inquiries in recent months had been from a mix of companies in terms of their activity, with a fairly high proportion in high technology fields. Mr Eames says that his company has made an application for a "high technology" development on three acres of the Royal Berkshire site though this has been withdrawn pending the outcome of the Syntex proposals.

Development in the area has so far been entirely on private land, with the council only promoting the release of certain parcels of land which it regards as suitable for development. The Royal Berkshire project, for example, was a supported departure from the county structure plan.

The plan is now under review and the result of this in the New Year will be of importance in determining the future of Newbury as a business and light industrial centre.

## Pushed to the forefront

RETAILING HAS pushed itself to the forefront of property investment in the last four or five years, particularly since the office and industrial markets have stagnated. Nowhere has this been more evident than in the string of towns reaching westwards from London along the M4 into the West Country and South Wales.

The industrial and office sectors have not declined as severely in this corridor but, paradoxically, this has made investment in shopping all the more attractive. For while retail has become the most attractive of the property sectors, it is at its most alluring where consumer spending is high. The relatively buoyant economy of the western corridor has provided this formula.

Development opportunities to tap this rich vein have been limited in recent years, however. Most of the major town centres were rebuilt in the postwar years leaving little capacity for new schemes. The exceptions were at the extreme ends of the corridor: Swansea and Cardiff in the west and Bracknell in the east.

The late development of the Welsh town centres was the result of determined civic action in Swansea and exceptional planning delays in Cardiff. Both aimed to take up the slack in under-shopped cities and transformed traditional retail patterns, setting new highs for retail values.

Bracknell was also an exception. It was the only new town in the corridor, with all the benefits of a white elephant economy plus pressure from the Government to sell the last major site in the town centre to complete the shopping hub. London and Metropolitan bid an

amazing £6m to beat off rival developers and then announced that Abbey would pay £22m for the 300,000 sq ft investment.

Agents Clive Lewis and Partners, who are acting with Hesley and Baker and Bernard Thorpe, believe the critics of such high prices are about to be proved wrong. The fund will take all the surplus over base rents agreed with I and M.

While no leases have been signed, Clive Lewis says pre-lets are in hand for 15 out of the 25 standard shop units and all have been above the base

Pressure for shopping development is generally being fuelled by a continuing surge in consumer spending, which is particularly evident in the prosperous western corridor. Rising real incomes, the lifting of hire-purchase restrictions and a run-down in savings have all kept the growth in spending going far longer than expected.

As turnover is translated into profits, the multiples are well into an aggressive expansion campaign, while fashion and video shops are competing for high street premises. The pressure is likely to keep prime rents high, while lack of investment opportunities seems likely to hold prime yields available to investors below 4 per cent.

Supply is being helped by developers switching out of the moribund industrial and office sectors into small shopping schemes. At the same time, however, institutional funds are coming into the market to even the balance of the property portfolios after piling themselves up with office property through the late 1970s boom.

Growth in rental values will not be as spectacular as in the past, despite this pressure, and a major problem is beginning to emerge over older shopping centres. If these are to retain their competitiveness they must be renovated and many institutional investors have not built this cost into their calculations on returns.

Another problem area for investors and developers is the fast-growing retail warehouse supermarket sector. It would be an understatement to say the funds are not enthusiastic about backing food stores and Clive Lewis has pointed out that this has restricted development in the past. The problem lies in the premium rent of between £7 and £9 a sq ft that operators will pay on the basis that once they are in an area, no competitor will follow. But this also means no comparable store exists locally when the landlord calculates the first review of rents.

Clive Lewis says that stores have seldom been viewed to more than £7 a sq ft and most are in the £3 to £6 bracket across Britain. Those funds which are willing to back this type of development are therefore working on yields which discount any growth in the first review periods.

Retail warehouses are charged rents which can be twice as high as conventional warehouse tenants. Reviews are geared to the same warehouse sector, however, and, as this is unlikely to show much growth, investors are wary about getting involved.

This must mean that development and investment may be concentrated on such opportunities that arise closer to town centres, despite the demand for new schemes on greenfield sites.

## Retailing

DAVID LAWSON

rent in a range from £20,000 to £200,000 a year. Sainsbury has taken the main store and Boots is likely to sign for a £2,000 square foot unit next month. The centre, due to open next year, was a rare opportunity for a major investment. Only Bristol, if internal squabbling can be settled, is likely to provide a comparable scheme in the corridor in the next few years. Sir Robert McAlpine and Commercial Development Projects are competing with £30m plans for Castle Green, while yet another attempt is being made by the council to get a 150,000 square feet speciality centre off the ground at Canon's Marsh.

## BRACKNELL LONGSHOT ESTATE

Brand new industrial units  
FREEHOLD from 5,190 sqft  
75% mortgage or lease financing  
(Ideally suited to IBA qualifying purchasers) Also available on 25 year F.R.I. leases

Gale & Power  
10, The Quadrant, Bracknell, Bucks, RG1 1AL  
Tel: 0494 511111

Jones Lang Wootton  
100, The Quadrant, Bracknell, Bucks, RG1 1AL  
Tel: 01-493 6040

Strutt &amp; Parker

01-629 7282

Some of our best properties are just down the corridor.

HAMMERSMITH 20,610 to 89,750 sq. ft. Air-conditioned offices with parking.  
HAMMERSMITH 15,000 sq. ft. Air-conditioned office development with parking.  
BASINGSTOKE 157,150 sq. ft. Air-conditioned Headquarters office building with parking.  
BASINGSTOKE 6,300 to 37,800 sq. ft. Office floors with car-parking.  
NEWBURY 4,250 sq. ft. Self-contained office development with parking.  
NEWBURY 5,400 sq. ft. Office development under construction. Ready August, 1984.

BRENTFORD 22,710 sq. ft. warehouse distribution unit.  
HEATHROW Phase 1 completed industrial warehousing units from 11,880 sq. ft.  
GLOBE PARK 36 acre business park units from 5,390 sq. ft. to 300,000 sq. ft.  
MARLOW Business modules from 7,500 sq. ft. Construction commenced.  
BRACKNELL 21 acre high quality business park.  
READING 2 industrial/warehousing units, 5,320 sq. ft. and 11,325 sq. ft. Immediate occupation.  
NEWBURY 30 acres suitable for knowledge based industries. Facilities from 5,000 sq. ft.

Strutt &amp; Parker, 13 Hill Street, London W1X 8DL. Telex: 8955508

Strutt & Parker California  
4621 Teller Avenue, Suite 100, Newport Beach, California 92660  
Telephone: 714 535-3325. Telex: 6336057 STPKR UW

## Britain's leading industrial developers offer a wide choice of properties in various prime locations

SALFORD England	WELWYN England	Toronto CANADA	Crawley ENGLAND
Elk Grove USA	READING England	Altona AUSTRALIA	HENDON England
Aberdeen Scotland	Sydney Australia	Swindon England	Hanover West Germany
Wakefield England	Schaumburg USA	Brussels Belgium	SLOUGH England

Slough Estates service is backed by sixty years experience not only in the United Kingdom but around the world as well, enabling us to give sound advice on your industrial and warehousing space problems.

A wide choice of accommodation from 1,500 to 50,000 sq. ft. will satisfy both established and new business ventures, but we are flexible enough to meet your specific requirements.

SLOUGH ESTATES

Britain's leading industrial developer  
234 Bath Road, Slough, SL1 4EE. Telephone: Slough 37171.



## PROPERTY ALONG THE M4 VI

## Testing time for a theory

## Flexible design

LORNE BARLING

THE DEBATE about long-term demand for flexible use buildings, particularly those aimed at high technology companies, is particularly relevant to property development along the M4, given the high proportion of electronics, computer-related and light manufacturing industry concentrated along the route.

It is argued that if no significant demand develops for these buildings in such an area, then the concept should be reappraised nationally, perhaps on the grounds that the American models for developments of this kind are not applicable in Britain.

Speculatively built "high technology" premises are aimed at attracting fast-growing companies which need a mix of office, research and development and light manufacturing space, enabling almost immediate occupancy and the minimum of alterations.

This theory is based, however, on the assumption that the right mix of space can be achieved for a fairly broad range of company activities and that the companies concerned will be prepared to pay premium prices for the space in these buildings.

More favourable

Institutional attitudes to buildings of this type along the M4 have been cautious but it appears that funds are now taking a more favourable view. Two notable developments of this kind have taken place at Swindon: the Dorcan project funded by Royal London and Kembley Park, backed by Sun Alliance. These must be regarded as important buildings such as these can only be proved in the longer term, given their higher construction costs.

It is felt that new attitudes on lease lengths ought to be developed, between five and 10 years would be helpful.

Agents argue that institutional fears about reletting property of this kind could be completely unfounded, on the basis that if there is demand

panies. These have also been let, mainly on short leases, during the same period.

Phase two of the project, the Maple phase, will be a 58,000 square foot building, including 24,000 square feet of offices, which can be extended to a total of 80,000 square feet if required. This offsets the potential problem for fast growing companies which can foresee that they will need additional space in time, according to agents Conway Ralph Stanton, who are marketing the property jointly with J. P. Sturge of Swindon.

The third phase of this development will be a 35,000 square foot two-storey building which can be used wholly for offices, for manufacturing or even warehousing. It is due for completion this month and Sun Alliance is reported to be pleased with the project so far.

However, it remains to be seen whether institutions will be tempted by examples such as this to become more involved in flexible designs. The fears about reletting remain in the background, although the number of U.S.-owned electronics companies now operating along the "western corridor," which expect to find the kind of premises they are accustomed to at home, is increasing rapidly.

According to local agent Peter Barfoot, the market for flexible premises is larger than anticipated but American companies are at the same time demanding higher standards than expected in terms of building quality and car parking facilities, which often involves extravagant use of land.

He believes that other institutions will follow the example of the few which have become involved in projects of this kind and that this will be followed by more speculative building by developers. He points out, however, that the profitability of buildings such as these can only be proved in the longer term, given their higher construction costs.

It is felt that new attitudes on lease lengths ought to be developed, between five and 10 years would be helpful.

Agents argue that institutional fears about reletting property of this kind could be completely unfounded, on the basis that if there is demand

for it now there is no reason to believe there will not be in five or ten years' time. This assumes, however, that the properties concerned bear the test of time and have easy access, sufficient parking and the right kind of location.

## Higher quality

The quality of much of the high tech space being built is considerably higher than traditional industrial buildings, with the result that its marketability is unlikely to suffer too greatly over the years. However, the cost is also considerably higher (though in the case of offices much less than town-centre type buildings) and careful design is therefore important in ensuring that the right returns are forthcoming.

The trend towards including a high proportion of "extras" in this new generation of buildings, such as car parking, heating and other facilities, is now spilling over into the traditional industrial building market, where incentives such as these are needed to maintain competitiveness.

One of the problems of these buildings is that in terms of jobs-per-acre, the phrase which is increasingly popular with industrial development offices throughout the country, they are not particularly efficient because of the high proportion of land they require. This creates problems in areas where land is in short supply, particularly the locations on the M4 which are nearer to London.

In fact the number of high tech buildings on the M4 tends to increase as distance from the capital widens, although Bristol has not seen a great deal of this type of development apart from the buildings on the Aztec West site.

But in terms of job value buildings of this kind remain a considerable asset, since the people likely to be employed in them will be highly paid professionals or technicians, equal in wage terms to perhaps double the number of people employed in a warehousing operation. For this reason, as well as the growth prospects of the companies concerned, development officers are usually happy to see developments of this kind.

Along the western corridor Swindon has seen the number of planned high tech buildings increase substantially in the past year, with the 382 complex of nearly 30,000 sq ft of office

accommodation and 20,000 sq ft of production/research and development space planned around a central forecourt. The building, situated at Westlea Down, is being funded by Royal London Mutual Assurance.

The St. Martin's Property Group's Windmill Hill development at Swindon, one of the most ambitious projects undertaken near the M4 for many years, will be notable for some very advanced units for which plans were announced recently.

Designed by architects and planners, Covell Matthews Wheatley, the speculative development will accommodate a range of office and research units to suit individual requirements in 18 modules planned as four cluster buildings set in an undulating landscape around a central ornamental pool.

All four buildings will be clad in reflective glass and modules will be fully air-conditioned, with a variety of thermal recovery to save energy costs and give optimum comfort conditions, according to the architects.

The high performance reflective glass will minimise solar gain, while there will be maximum flexibility in partition layout and provision of services. There will be a raised computer floor at ground level as a standard facility, with high quality finishes including carpeting and suspended ceilings with parabolic reflector lighting for "economy". Extensive car parking will be screened by landscaping.

One of the factors which has clearly allowed Swindon to attract more development of this kind than other areas is the amount of land available for development. Windmill Hill alone having around 80 acres.

In other areas, such as Reading, there is less opportunity for this reason, although agents Giddy and Giddy report that a site is now being assembled for an 80,000 sq ft development by Markham Developments, of which around half will be offices and the rest high quality research and development or industrial space.

In terms of regional advantage the good access to and from most towns on the M4, backed up by suitable buildings for new companies, must improve the chances of the western corridor becoming a major centre for growth industries over the coming years.



St. Martin's Property Group's Windmill Hill business centre: the design is notable for very advanced units

## Demand for factory space awaits upturn

## Industrial units

LORNE BARLING

Demand for industrial property along the M4 has increased in recent months, leading to a slight decline in the amount of vacant space which has mounted since the start of the recession. In most locations, however, this improvement remains tentative.

The number of enquiries through agents has also risen in most areas and it is widely reported that enquiries are far more serious than they were at the start of the year, with a better conversion rate into firm lettings.

This general improvement is far less impressive than had been anticipated, however, and the M4 corridor remains strewn with too many larger older industrial premises which are attracting little attention, even at knock-down prices.

Although factory space up to 10,000 sq ft has been in fairly good demand in most areas, there is also evidence that in some places too many smaller units have been built in the past two years for the market to absorb, in spite of earlier demand for more nursery units.

Nevertheless, Mr. William Baker, UK general manager of Slough Estates, believes that the M4 corridor is still one of the best areas of the country for industrial development, thanks to the growth potential of the new industries established there.

He feels that there will be an increase in capital investment in the UK over the next 12 months which should lead to considerable improvement in demand for factory space in the area but points out that Reading, for example, is overstocked with industrial buildings and that rents would not necessarily rise very much.

According to Reading agents Gibson Eley, local conditions remain very favourable to prospective tenants, with a variety of incentives being offered on available space. Premises in the 20,000 sq ft range are now being let for £3 to £3.50 a sq ft, while newer buildings are achieving up to £3.75. Rentals of £4 to £4.25 were being asked on buildings up to 5,000 sq ft.

## Newer estates

However, a high proportion of space on the newer estates at Reading has either been occupied or reserved, indicating that the area remains popular when the right kind of property can be obtained. It also shows that much of the vacant space at suitably modified, could be taken up quickly if the market improves.

Vacant space at Slough also presents a problem but unlike the situation at Reading much of it is comparatively old and owners are faced with considerable decisions on whether to assume that they will be let eventually or to decide that they are too outdated and redevelop the sites with more appropriate buildings.

This problem is made even

more acute by the fact that shortages of land in the Slough area are now restricting further development, with the result that there could be a shortage of more modern flexible use buildings in the not too distant future.

On the other hand there is a considerable number of major owner-occupiers in and around Slough—aside from the dominant Slough Estates—which have ample land for development. When the time is right plots which are now being sold off could meet the growth requirements of the area.

Rents in Slough now range from around £2.85 a sq ft for older larger premises up to about £4.75 for modern units of up to 5,000 square feet. As in other areas, a large number of incentives such as rent-free periods are being offered.

In Swindon, according to local agents, there has been an increase in the number of lettings of smaller premises and enquiries are up but the general performance of the market remains uncertain, with prospective tenants becoming increasingly cost-conscious.

Mr. Robin Brathwaite of Farrant and Wightman says: "Overall, the stock of traditional style industrial buildings in Swindon is now being reduced, partly because very few have been built recently. But the improvement is still very slow and unpredictable."

He is encouraged by the fact that a rental of £2.40 has been achieved on space at the Slough Estates development at Westlea, and that a high proportion of

inquiries are coming from outside Swindon itself. He also believes that improvement in industrial output in the UK is the key to better local demand for property.

However, an increasing number of companies, particularly those in high technology industries, are now paying close attention to the cost of converting premises to the best advantage. Purpose-built high tech premises are not always the answer, since rentals are high and conversion work often necessary in addition.

"If companies can get other premises for as little as £2 a sq ft and spend an additional sum on conversion, they are often better off and in the end have far more suitable space for their particular purpose," says Mr. Brathwaite.

Bristol has also seen some improvement in demand in the past few months, according to agents Hartnell Taylor Cook, who have let 40,000 sq ft of space in the last eight weeks and 300,000 sq ft in the greater Bristol area since the start of the year.

However, incentives such as rent-free periods for as long as nine months have been available to prospective tenants, who have also been allowed a considerable amount free of charge for extra work on premises. Warehouse space has been available for as little as £2 a sq ft, with some industrial premises not much above that.

## Optimism

Mr. David Hoggard of Hartnell says: "There is much optimism for rental growth at present and feels that very little new property development in the area will take place until there is some improvement in returns. At the same time there are some grounds for optimism in the decline in second-hand space coming on to the market, because of reduced rationalisation and cutbacks by local industrial companies. He adds that there were now very few large good quality industrial premises available in Bristol as a result of the lack of confidence in the market. Any company needing such a factory would have to have it purpose-built."

Overall, the picture in most M4 locations is one of frustration for most people involved in the property market, since the early signs of an improvement in demand have not turned into anything substantial. But the favourable signs are still there and most agents believe that demand will continue to pick up slowly, if somewhat erratically.

## M4 Offices from Healey &amp; Baker

## BRACKNELL—The Columbia Centre

—57,500 sq. ft.

This superb new headquarters development is currently under construction and will be ready for occupation during the Spring of 1984. Situated in the centre of the town close to 3M, Avis and Hewlett Packard, the building has full V.A.V. air conditioning, suspended floors, plus private car parking for 178 vehicles.

## BRISTOL—Castlegate—74,000 sq. ft.

A magnificent office development of high quality air conditioned offices with car parking on the city's most prominent site adjacent to the Holiday Inn and overlooking the inner ring road (Temple Way). The building has been designed to offer a prestige self contained company headquarters, though consideration has also been given to allow easy sub-division into floors or separate blocks. An additional plus is the 8,640 sq. ft. available at lower ground level.

## CARDIFF—Fitzalan Court

Your Office With Its Own Front Door

Only 9 units now remain in this office village of 14 self contained buildings from 5,000 sq. ft. each. All offices have full central heating, lighting and carpeting and there is extensive on-site car parking for tenants and visitors.

## CARDIFF—Pearl Assurance House

—50,000 sq. ft.

The most prominent building in the centre of Cardiff. Individual floors are available with extensive on-site car parking for tenants. Features include air conditioning, fluorescent lighting and fitted carpeting plus a prestige entrance and reception area.

## CARDIFF

—The St. James Centre

—20/50,000 sq. ft.

This new development by the Trafalgar House Group offers flexible office accommodation with three alternative self contained

buildings: Option 1—20,000 sq. ft.; Option 2—30,000 sq. ft.; Option 3—50,000 sq. ft. or alternatively smaller units can be made available.

## CAVERSHAM—Church Street

—4,665 sq. ft.

A brand new self contained office with its own front door in Church Street. Accommodation will be ready for occupation in mid 1984 and features include on-site car parking, central heating, fluorescent lighting and carpeting.

## CHISWICK—Mulliner House

A new prestige centrally heated building of 31,900 sq. ft. There are 60 on-site undercover car parking spaces and the entire building is available to lease now, as a whole, or on a floor by floor basis, from 7,460 sq. ft.

## GERRARDS CROSS

—Buckingham House

This scheme comprises approximately 5,900 sq. ft. net office accommodation with private car parking facilities. The offices are laid out on two floors with prestige reception area on ground floor level. A tenant is sought for the entire office accommodation. Ready now.

## HAMMERSMITH

—Trafalgar House

A prestige modern air conditioned office building with private car parking facilities in the basement. Specification is particularly high and includes air conditioning, carpeting and suspended ceilings. The building has a prestige reception and we can offer 24 hour access and a high degree of security for tenants in the building. There is a suite of approximately 5,750 sq. ft. available at first floor level in the south block and this is available to lease now.

## HAYES—27 Uxbridge Road

27 Uxbridge Road provides modern well appointed office space with full partitioning, carpets and managerial dining facilities. The available accommodation comprises 5,660 sq. ft., ample car parking on site.

## HEATHROW—Cardinal Point

—54,000 sq. ft.

This major new development is ready for immediate occupation and actually overlooks the main runways at Heathrow airport. The building is designed to be let as a major HQ building or alternatively self contained suites are available from about 2,400 sq. ft. The building is fully air

conditioned and has suspended floors plus on-site car parking for 160 vehicles.

## HILLINGDON—Parkfield House

This office development site is for sale freehold or alternatively tenants are sought to occupy a new building of 12,000 sq. ft. with on-site car parking. Very close to Heathrow and having excellent access to the M4 and M40 for connections with central London.

## HOUNSLOW—Pharmacia House

—8,450 sq. ft.

A fully fitted self contained office building ready for immediate occupation boasting gas fired heating and ventilation systems, automatic passenger lift, double glazing, full carpeting and partitioning throughout. Telephone and telex lines are installed. Private car parking for 13 vehicles.

## READING—Royal Berkshire House

—70,000 sq. ft.

Reading's premier office building prominently situated overlooking the inner ring road for easy access to the M4 and adjacent to the new Ramada Hotel. The offices are fully fitted for immediate occupation including full V.A.V. air conditioning, fluorescent lighting, carpeting and 100 car parking spaces.

## SLOUGH—Cornwall House &amp; Edinburgh House

—32,200/35,000 sq. ft.

The latest LPSC developments are arguably the most luxurious office buildings in the western corridor with full air conditioning (V.A.V.), private car parking, executive suites and roof-garden with views of Windsor Castle plus impressive ground floor marble lined entrance halls which just have to be seen.

## SLOUGH—Monarch House

—6,350 sq. ft.

This brand new self contained office building is now available either as a whole or in individual floors from 3,015 sq. ft. There are 13 private car spaces plus full gas fired central heating, lift, double glazing, carpeting and lighting.

## SWINDON—The Gemini Centre

This new office development comprises two self contained buildings of 35,000 and 37,000 sq. ft. each. The buildings known as Electra House and Wiltshire Court are available as a single headquarters complex, in separate blocks or alternatively suites are available from

about 3,000 sq. ft. Both buildings are ready for immediate occupation and are fully fitted including gas central heating, carpeting, lighting and on-site car parking.

## SWINDON—Miller House

—17,000 sq. ft.

This self contained building is the latest from the Miller Group so you know it has been finished to the highest standards which includes full air conditioning, carpeting, fluorescent lighting and private on-site car parking. The building is available as a whole or in suites from about 4,000 sq. ft.

## UXBRIDGE—Bakers Court

Bakers Court is a superb new office building in which two floors remain available for leasing, these are the 4th and 5th floors and each comprise 20,115 sq. ft. There are 30 car spaces per floor and additional car parking space available in the public car park adjacent. Leases are available on the whole or on a floor by floor basis for a 20 year term.

## UXBRIDGE—Harefield Road

This exciting future office development will comprise a new office complex incorporating two buildings one of 40,000 sq. ft. and one of 60,000 sq. ft. and a massive basement car park for tenants private use.

Tenants are sought for individual buildings, or alternatively the entire 100,000 sq. ft. Terms upon application.

## WINDSOR—Paradise House

The offices comprise an area of approximately 3,140 sq. ft. arranged at first and second floor levels with a self contained ground floor entrance in William Street, and is situated within the town centre adjacent to the retail area of Peasod Street and close to public car parking facilities and the towns two railway stations. To Lease.



**Healey & Baker**

Established 1820 in London  
29 St. George Street, Hanover Square,  
London W1A 3BG 01-629 9292/491 3088

Send this completed coupon to:  
Healey & Baker, 29 St. George Street, Hanover Square, London W1A 3BG.

Please send me further information on the following property(s):

For a free copy of our current office guide tick here ☐

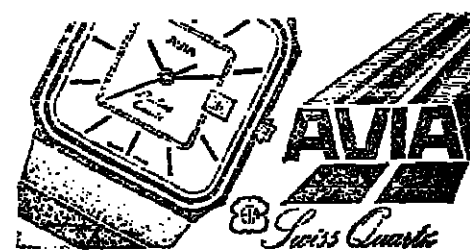
NAME \_\_\_\_\_

COMPANY \_\_\_\_\_

ADDRESS \_\_\_\_\_

TEL. \_\_\_\_\_





factories, offices and sites  
ready when you are  
0604 34734  
Northampton Development Corporation  
23 Market Street  
Northampton NN1 2BN

CONTINENTAL SELLING PRICES: AUSTRIA Sch 15; BELGIUM Fr 35; DENMARK Kr 10; FRANCE Ffr 10; GERMANY DM 2.00; ITALY L 1.100; NETHERLANDS Fl 2.25; NORWAY Kr 6.00; PORTUGAL Esc 65; SPAIN Ptas 95; SWEDEN Kr 6.50; SWITZERLAND Fr 2.00; EIRE 500; MALTA 200

**INVESTMENT**  
**AUTUMN STATEMENT**  
P.6  
**The end of offshore life**

**WIRE**  
P.13  
**A bin full of books**

**FEATURES**  
**CABLE TV IN THE U.S.** P.14  
**Down to earth with a bump**  
P.15  
**THE METROPOLITAN POLICE**  
**Under the microscope**

**WEEKEND**  
**championship chess**  
P.15  
**Korchnoi v Kasparov**

**18 months of the Barbican:**  
P.12  
**Lessons learned**

**NEWS SUMMARY**

GENERAL BUSINESS

**London police attacked in report**

The Metropolitan Police is heavily criticised in a report published today which accuses the force of brutality, particularly to poor people.

The Police Studies Institute says there is heavy drinking by detectives, use of racist language and singling out of young blacks for questioning.

It says promotion beyond the rank of inspector depends on examination results rather than ability or conduct and the force discriminates against women applicants by keeping the proportion of women down to 10 per cent. Back Page

**Cyprus talks**

Turkish Foreign Minister Tamer Ilhan said today that further talks with Britain to defuse the Cyprus crisis after his meeting with UK Foreign Secretary Sir Geoffrey Howe. Page 2

**Lebanon battle**

Rival Palestinian armies fighting in north Lebanon attacked each other round Tripoli and the refugee camp at Baddawi. Page 2

**Galtieri trial**

Former Argentine President Leopoldo Galtieri and two other former members of the country's ruling junta will be tried by court martial for leading the country to defeat in the Falklands. Back Page

**Soviet denial**

The Soviet Union said there was no truth in western reports that it may drop its insistence on counting British and French rockets as Nato nuclear strength if the U.S. deployment is scrapped. Earlier story, Page 2

**Church warned**

Polish bishops urged the Government to end political trials, amid reports that the Communist authorities have told the church to curb political activities by 69 priests. Page 2

**China pledge**

Chinese officials have said Communists will not be sent to administer Hong Kong after Britain leaves because they could not be trusted to restrain their socialist ways.

**Teresa award**

Mother Teresa, the Nobel Prize-winning missionary, will travel from the slums of Calcutta to the presidential palace in Delhi to receive an honorary Order of Merit from the Queen.

**Coach crashes**

Two people died and five were hurt in a crash between a coach and a tanker lorry near Ayr.

**Strike illegal**

The National Union of Journalists was yesterday ordered by the High Court to call off its strike against the south London newspaper group owned by TV presenter David Dimbleby. Page 3

**Briefly . . .**

One of Belgium's sextuplets, born on Wednesday, died of respiratory failure.

William Trevor won this year's Whitbread £3,000 best novel prize for *Fools of Fortune*.

**CHIEF PRICE CHANGES YESTERDAY**

(Prices in pence unless otherwise indicated)

RISERS		FALLS	
Applied Computer	488 + 45	Gears Gross	140 - 18
Assed Heat	323 + 23	Gleason (M. J.)	187 - 5
Bank of Scotland	607 + 13	Miss World	158 - 7
Biddle	140 + 16	Philips Lamps	890 - 15
Bilham (J.)	38 + 8	Plessey	205 - 6
Bowater	226 + 10	Young (H.)	83 - 11
Burnett & Hallams	108 + 6	Bryson Oil & Gas	169 - 76
Dixon (David)	653 + 6	Eglinton Oil & Gas	170 - 115
Eagle Star	172 + 10	Shell Transport	544 - 10
Electro-Protective	735 + 22	Grosvit	887 - 46
Fisons	58 + 5	MIM Hides	225 - 7
Gestetner A. n/v.	128 + 6		
Gordon & Gotch	135 + 6		
Gr Portland Ests.	360 + 12		
Hickson Intl	360 + 12		
Preddy (Alfred)	493 + 10		
Royal Insurance	493 + 10		

**Lawson tightens grip on public spending**

BY PETER RIDDELL AND ROBIN PAULEY

THE GOVERNMENT has tightened controls over public spending to try to prevent a repetition of this year's overshoot.

The new discipline on public spending is contained in a note in the Treasury's Autumn Statement, which points out that the contingency reserve of £3bn for 1984-85 will be available "to meet all contingencies including estimating changes."

In spite of this move, Mr Nigel Lawson's statement on public spending on Thursday drew heavy fire yesterday, particularly from the Government's strongest supporters. They felt that the Chancellor's warning of possible tax increases next year was caused by his failure to secure enough public spending cuts.

Mr Walter Goldsmith, director general of the Institute of Directors, and one of Mrs Thatcher's most consistent supporters, said the Government was straining the loyalty of businessmen.

Sir Terence Beckett, director general of the Confederation of British Industry, said continued vigilance on public spending would be needed if taxes were to be reduced.

"The Chancellor must do everything possible to lower interest rates and press on to reduce business costs in his first Budget," Mr Lawson spent a good deal of yesterday trying to pacify his critics. He stressed that the Government's aim was still to reduce the tax burden.

The Treasury move on the contingency reserve represents an important shift. Until now, only specific new policy decisions have counted against the reserve. In future, revisions of the estimated cost of programmes which do not have cash limits or are determined by demand, such as social security and agricultural support which account for a third of total spending - will be counted against the reserve.

This will mean tighter controls. If spending on the non-cash-limited programmes is higher than expected because of an earlier underestimate of the numbers receiving social security benefits for example, this will mean that less money will be available for other calls on the reserve during a financial year.

The implication is that the impact of any overshoot of these programmes upon total spending will be less than at present.

The Treasury hopes total public expenditure will, therefore, be closer to the planned level. Total spending in the current financial year seems likely to be about £2bn higher than originally planned, largely because of an overshoot on these non-cash-limited programmes.

The main ones have been agricultural support, local authority current expenditure, debt interest payments and housing benefit.

Apart from changes in the reserve, the Treasury is seeking ways of improving the monitoring of these programmes to prevent surprises.

It also became clear yesterday that a range of ministers share Mr Lawson's view that the debate about longer-term public spending trends needs to be opened up.

There is likely to be discussion in the Cabinet about the form of such a debate before anything is said publicly.

Some ministers favour such a debate because they believe it will show how difficult it is to cut spending significantly.

Mr Lawson said in several radio interviews yesterday that the Government still aimed to reduce the tax burden - especially income tax - over the lifetime of the present parliament.

He hoped the taxation position would ease in the spring, but he had no reason to believe it would. It looked as though there might have to be a small increase in taxation next spring. "That does not mean there will not be scope for further reductions in subsequent years," Response to statement, Page 3

**IBH future still uncertain after meeting with banks**

FINANCIAL TIMES REPORTER

THE FUTURE of IBH, the collapsed German construction equipment group, remained uncertain yesterday following an indecisive meeting between Herr Horst-Dieter Esch, the founder and chief executive of IBH, and the banks supporting it.

IBH said only that another meeting would be held next week and some of the group's principal shareholders would attend.

Meanwhile, another 1,642 workers in the U.S. and UK, operating companies of the group have been made redundant or laid off.

About half these cuts are being made by the U.S. Terex Corporation, which is the largest single IBH subsidiary with an estimated turnover of £260m (£175.5m), more than a quarter of the group total.

Terex U.S., which filed for protection from its creditors two weeks ago, said 437 hourly paid workers would be laid off indefinitely at its plants in Hudson and Brooklyn, Ohio, and another 774 salaried employees would be laid off for month as a means of saving cash. The cuts amount to nearly two thirds of the company's 1,239 workforce.

In Britain, the receivers at Terex Scotland have announced 450 redundancies from the workforce of 1,450 at the Motherwell plant. Terex directors had given warning of the likelihood of these cuts before the receiver's appointment.

The receiver at Hymac, the hydraulic excavator manufacturing subsidiary of IBH at Rhymney in South Wales, said yesterday that 166 of the 561 workforce would lose their jobs, in an attempt to make the company more attractive to potential buyers.

The receivers at Blaw Knox, of Rochester, Kent, the paving equipment subsidiary of the IBH associate, Wibau AG, announced yesterday that 315 of the 540 employees would be made redundant immediately.

Blaw Knox went into receivership last Monday, a few days after Wibau sought court protection in West Germany from its creditors.

Sir Nigel Hamilton, one of the Blaw Knox receivers, said: "The company is in a parlous state. It cannot go on making goods for stock."

Herr Esch has been trying to mount a restructuring proposal for what he calls the core businesses of the IBH group with the help of some existing shareholders.

It was not clear which shareholders would attend the meeting next week with the group's West German bankers. General Motors of the U.S., which sold Terex to IBH in 1980 and has a 16.6 per cent stake in the group, said it was "reviewing the Terex situation worldwide."

Babcock International of Britain, which sold Blaw Knox and other operations to IBH last year and has a 10 per cent stake in the group, said it had not been approached by Herr Esch, and was not interested in participating in a restructuring plan.

Powell-Duffryn of the UK, which sold Hymac to IBH in 1980 and has a 13.2 per cent stake, also said it had not been approached and was not interested.

Caterpillar's German deal, Page 21

**Ambrosiano weighs legal action**

BY ALAN FRIEDMAN IN ROME

THE MANAGERS of Banco Ambrosiano Holding of Luxembourg, once the principal overseas arm of the defunct Banco Ambrosiano Group, have taken a leading City of London law firm with a view to possible legal proceedings against the Istituto per le Opere di Religione, the Vatican Bank.

The proceedings might in part seek to recover several hundred million dollars loaned to a number of Ambrosiano offshore companies with which the Vatican Bank has admitted involvement.

Touche Ross, the London accounting firm which is responsible for running BAH Luxembourg, is understood to have hired the London law firm of Clifford Turner.

The possibility of legal action has existed for many months but it would be taken only as a last resort. Nevertheless, Touche Ross's decision to instruct the City firm marks a new stage in the saga.

Banco Ambrosiano Holdings last year defaulted on about \$450m (£304m) of loans it had secured through the Euro-market.

Talks between lawyers for creditor banks and Nuovo Banco Ambrosiano, the Milan successor to the old Ambrosiano, are in progress.

They are believed to have moved in recent months from discussion of a settlement in the region of 30-40 per cent of the \$450m to a common ground of between 60 and 80 per cent.

The special commission representing the Italian Government and the Vatican is thought to be deeply split and has yet to report. Its members are looking into the total \$1.3bn liabilities of Ambrosiano Group, relating largely to offshore companies with which the Vatican bank has admitted controlling indirectly.

The information came in the "letters of comfort" provided by the Vatican bank to the late Sig Roberto Calvi, the former chief executive of Banco Ambrosiano who was found dead under Blackfriars Bridge, London, in June 1982.

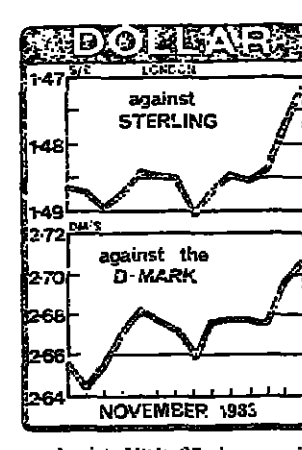
Rizzoli receivership, Page 21

**Sterling slides as dollar surges to record levels**

BY OUR ECONOMICS AND FOREIGN STAFF

THE DOLLAR surged forward yesterday, reaching record levels against the French, Italian and Belgian currencies and leaving sterling at its worst level since March.

The West German D-mark also had a bad day against the dollar, with the Bundesbank, the central bank, intervening heavily. Even so, the dollar closed in Frankfurt at a three-month high of DM 2.7085, the first time it has broken through the DM 2.70 barrier since the beginning of September.



Sterling opened firm in London but soon started to slide badly against the dollar, closing at \$1.4700, a fall of 99 points since Thursday.

Dealers said the Chancellor's autumn statement on public spending had not affected sterling, nor was there any inherent weakness in the currency. The movement was nearly all due to the dollar's strength, reinforced by renewed international tension, particularly in the Middle East. The dollar was also supported by fears of increases in U.S. interest rates and a sharp rise in the U.S. money supply.

Sterling held up against continental currencies in early trading but later fell back a little, its value against the Bank of England trade-weighted basket of currencies closing at \$3.6 (1975=100) from \$4.0 in the morning and at noon.

It closed at DM 3.985 and Sfr 3.2175 and was softer against the French franc, down from FF 121.150 to FF 120.925. Sterling also fell against the yen, closing at ¥347.25 compared with ¥349.25 the previous day.

In Frankfurt, the D-mark was unable to hold up against the dollar in spite of Bundesbank sales of \$200m in support of the West German currency compared, for example, with only \$250,000 on Thursday.

Most of the hectic activity was in the morning, followed by a quieter and more normal pace for end-of-the-week business.

The dollar has had an impressive year against the D-mark. It started at DM 2.37 in January, strengthening consistently until it peaked at DM 2.75 on August 11. On that day the Bundesbank pumped more than \$54m into the currency market to try to restrain the dollar.

It dipped during the rest of August before touching DM 2.70 again in early September. Since falling below DM 2.58 early last month it has steadily gained ground.

**5.2% U.S. growth forecast**

BY PAUL BETTS IN PARIS

HIGHER-than-expected growth in the U.S. next year is likely to improve the economic prospects for the rest of the industrial world, according to Mr Martin Feldstein, chairman of President Reagan's Council of Economic Advisers.

Mr Feldstein said yesterday that the U.S. Administration was forecasting 5.2 per cent year-on-year growth in the U.S. next year. The Organisation for Economic Co-operation and Development last July forecast a 4.5 per cent increase.

Mr Feldstein, who was presiding over the OECD economic summit in Paris, said the U.S. economy was "stronger than we had expected."

Continued on Back Page

French trade figures, Page 2

**Vanbrugh Currency Fund**

**NOTICE TO SHAREHOLDERS**

You will no doubt be aware that the Inland Revenue issued a statement on Thursday November 17th giving details of the proposed tax treatment of shares in offshore funds held by U.K. residents.

The statement confirms that "Gains accruing before 1st January 1984 will continue to be chargeable to Capital Gains Tax. They will not be treated as income."

This means that the favourable Capital Gains Tax position on Vanbrugh Currency Fund Capital Growth (C and D) Shares will be automatically preserved up to and including 31st December 1983 and you need take no action to crystallise your gains as at that date. Similarly, holders of Income (A and B) Shares need take no action at present.

I will be writing to all shareholders in the near future, explaining the likely effect of the new rules which will apply from 1st January 1984.

In the meantime, you are advised to take no action as a result of the Inland Revenue statement. Indeed, to do so may create a tax liability in the current fiscal year which, depending on your individual circumstances, might be better deferred to later years.

*M. R. Sutton*  
R. L. Sutton  
Chairman

Vanbrugh Currency Fund Limited  
18th November 1983

Vanbrugh Currency Fund Limited,  
28-29 Hill Street, St. Helier, Jersey, Channel Islands.

**CONTENTS**

Appointments	17	Gardening	13	Sport	13	Base Rates	17
Arms	12	Gold Markets	19	SE Dealings	17	Building Soc. Rates	15
Bank	10	How to Spend It	11	Stock Markets	21	ANNUAL STATEMENTS	8
Bridge	8	Ind. Co. News	21	London	22	Insurance Ind.	17
Chess	8	Leader Page	14	Wall Street	18		
Collecting	13	Letters	16	Bourses	18		
Company News	17	Law	9	Trevel	12		
Contracts	17	London Options	27	TV and Radio	12		
Crossword	12	Man in the News	26	UK News	3		
Economic Diary	17	Money Markets	4	General	3		
European Options	17	Motoring	9	Labour	7		
Finance & Family	8	Overseas News	2	Unit Trusts	20, 21, 23		
FT Actuaries	22	Property	24	Your Savings/Inv.	5, 7		
Foreign Exchanges	19	Share Information	24, 25	Wk. in the Markets	4		

For latest Share Index phone 01-246 8026



# Arafat forces launch counter-attack on camp

BY PATRICK COCKBURN IN BEIRUT

PALESTINIAN forces loyal to the leadership of Mr Yasser Arafat, chairman of the Palestine Liberation Organisation, yesterday launched a strong counter-attack to retake Beddawi refugee camp on the outskirts of Tripoli in northern Lebanon.

Mr Arafat claimed he had retaken Beddawi in the dawn assault but this was denied by the Syrian-backed rebel Palestinians who captured the camp this week.

As fighting raged around the Beddawi camp, Syrian and rebel artillery launched the heaviest bombardment yet of Tripoli, concentrating in particular on the quarter of the

city where Mr Arafat has his headquarters.

The political credibility of the rebel PLO men suffered a serious blow yesterday when two of their leaders were forced to leave Nahr al Barid Palestinian refugee camp which they took nearly two weeks ago.

Mr Jihad Saleh and Mr Mahmoud Labadi, showing reporters from Damascus around Nahr al Barid, were attacked by thousands of Palestinians living in the camp who held up portraits of Mr Arafat.

"It started with some kids. Then old men and women came out, screaming real hatred," said a reporter. Two ambulances belonging to the rebels were burned.

Two weeks ago there was a pro-Arafat demonstration in the Yarmouk Palestinian refugee camp near Damascus which was suppressed by the Syrian security forces. There have also been demonstrations in favour of Arafat's leadership in the occupied West Bank.

Ever since they launched their attack on Arafat at Tripoli the rebels in the PLO have given the impression of acting at the behest of Syria. The loyalist PLO men claim that in addition to Syrian artillery fire they are now facing attacks by regular Syrian infantry and showed off some prisoners in

Tripoli yesterday to prove their point.

The shelling of Tripoli is now much heavier than at any time since the offensive against Arafat started on November 3.

More than 1,000 people have been killed by the fighting in Lebanon over the past week, 969 of whom died in the fighting in north Lebanon said the respected daily *Al Nahar* yesterday, citing police officials. It said that 584 of those killed were Palestinians.

Beirut is meanwhile bracing itself for retaliation by Shia extremists against the 2,100 French contingent to the multinational force following Thurs-

day's raid near Baalbek in eastern Lebanon by French aircraft, from the carrier *Clemenceau*.

Reuter adds: Lebanon asked Western states for help yesterday in persuading Israel to relax its tight security system at the Awaril bridge into southern Lebanon, said officials.

Under the system, introduced yesterday in response to constant guerrilla attacks on Israeli troops, Lebanese civilians need passes to take their cars into the Israeli-occupied south. Politicians have said the passes amount to visas and are a further step towards the partition of Lebanon.

## France's trade near balance for third month

FRANCE'S foreign trade performance was close to balance in October for the third month in succession, underlining the effect of the Government's austerity policies in holding down imports and encouraging exports, David Marsh reports from Paris.

October registered a deficit of FF 893m (\$744m) on a seasonally-adjusted basis, against a surplus of FF 323m in September and a deficit of FF 389m in August, according to figures released yesterday by the Foreign Trade Ministry.

On a non-adjusted basis, September trade was in surplus to the tune of FF 1.79bn. Exports last month rose 3.6 per cent (seasonally adjusted) from September to FF 64.28bn. Imports rose 5.6 per cent from the unusually depressed previous month to FF 65.18m.

### Moroccan premier

Morocco's King Hassan has named Mr Mohamed Karim Lamrani as caretaker Prime Minister to organise legislative elections and possibly a referendum in the disputed Sahara territory, officials said yesterday, AP reports from Rabat.

Mr Lamrani has been director of the state phosphate monopoly for the past 16 years. In 1971 and 1972 he served as Finance Minister and Prime Minister.

### Shell tank blazes

FIRE broke out for the second day running yesterday in an oil tank at the vast Shell Refinery in Singapore. Chris Sherwell reports from Singapore. Flames posed a threat to adjacent installations as emergency reinforcements from the mainland battled to help fire-fighting teams on Bukom Island, where the refinery is located.

### Japan uranium plant

Japan will build its first uranium enrichment prototype plant by 1987, Science and Technology Agency officials said yesterday, AP reports from Tokyo. The plant will be constructed at a cost of \$286m, 342 miles west of Tokyo and will be ready for operation in 1988.

### Matsushita deal

Matsushita Electric Industrial Co has reached an out-of-court settlement with Energy Conversion Devices (ECD) of the U.S. over an optical disc patent dispute, an official of the Japanese company said, AP-DJ reports. The companies have decided to work together in developing optical memory products.

### China protest

China delivered a strong protest last night against a proposed U.S. Senate resolution, which the official Xinhua news agency said is aimed at permanently separating Taiwan from Peking.

The resolution says Taiwan's future "should be settled peacefully, free of coercion and in a manner acceptable to the people on Taiwan and consistent with the laws enacted by Congress and the communiques entered into between the U.S. and the People's Republic of China."

## U.S. finds Russia's fresh offer on SS20s unacceptable

BY BRIDGET BLOOM, DEFENCE CORRESPONDENT

THE U.S. finds unacceptable the new informal Soviet offer to reduce its SS20s in Europe to 120 and drop direct counting of British and French missiles in the Geneva arms talks.

Mr Larry Speakes, the White House spokesman, said yesterday that the new Soviet plan was "chiefly objectionable because it would still give the Soviet Union a sizeable monopoly of missiles in Europe."

No agreement which legitimised this monopoly would be acceptable to the U.S., Mr Speakes said.

The plan was floated at an informal meeting between Mr Yuri Kvisinsky, the Soviet chief negotiator, and his U.S. counterpart, Mr Paul Nitze, in Geneva last Sunday.

European officials appeared yesterday to agree with their U.S. colleagues in finding the new offer unsatisfactory. However, all seemed uncertain both as to its precise contents and its status.

Fuzz and fog surrounded it according to one official, while another said the manner in which the Soviets were putting forward the new ideas was "erratic and bizarre."

One suggestion last night was that Moscow might soon "go public" on the new plan but might attribute it to Mr Nitze.

The lack of clarity was most notable last night on the suggestion that Moscow was now prepared to drop its insistence on counting the independent

British and French nuclear forces into the missile balance in Europe. The U.S. has insisted that no new U.S. cruise and Pershing missiles should be stationed in Europe because its own SS20s are already matched by the British and French armaments.

Now the Soviets are apparently saying that the British and French forces should be subject to negotiation only in some future, unnamed arms control talks.

It is not clear whether this refers to the existing START talks to limit strategic weapons or whether some new negotiations are being considered, perhaps to take account of the modernisation of the British and French systems planned for the 1990s.

Western officials say, however, that even the principle of compensation for third forces is unacceptable.

"Doubt on the status of the new plan centres on the means in which it was conveyed to the U.S., since Moscow normally makes proposals in the formal sessions. Apparently there was no tabling and discussion of the ideas at the last session on Tuesday."

Confirmation of the new Soviet offer comes at a time when an extraordinary week has begun with the arrival of the first cruise missiles in Britain and will end this weekend with critical debates on the issue in the West German opposition SPD party and on Monday in the Bundestag.

## Hawke attempts to heal rift with Asean countries

BY COLIN CHAPMAN IN SYDNEY AND CHRIS SHERWELL IN SINGAPORE

MR BOB HAWKE, Australia's Prime Minister, faced his toughest foreign policy test since coming to office in March when he starts a visit to Bangkok today, on his way to the Commonwealth heads of government meeting in New Delhi.

The rift which has opened up between Australia and the five countries of the Association of South East Asian Nations (Asean) over Vietnam and Kampuchea threatens to spill over into other issues.

Travelling with Mr Hawke is Mr Bill Hayden, his Foreign Minister, whose pronouncements have upset Asean. He will go on to Indonesia, an important neighbour.

Mr Hawke will, meanwhile, hold talks in New Delhi with Mr Lee Kuan Yew, Singapore's Prime Minister, whose own foreign minister has been similarly outspoken.

Trade and defence links are not yet affected. But some of the five Asean members—Thailand, Malaysia, Singapore, Indonesia and the Philippines—are now asking fundamental questions about Australia's commitment to the security of the region.

The row broke soon after the Labor Party scored its remarkable victory in the Australian general election earlier this year. Labor Party policy demanded a resumption of the humanitarian aid to Vietnam, stopped by the previous government.

When the new Government quickly sought to encourage talks between Asean and Vietnam over Kampuchea, the five's suspicions were reinforced. Asean's view is that an economically weakened Vietnam will ultimately be forced to pull out its 180,000 troops from Kampuchea, and that this process should be helped by a refusal of aid.

## W. Germany plans law to allow retirement at 59

BY RUPERT CORNWELL IN BONN

THE WEST German Government plans shortly to bring a new draft bill before Parliament, which would allow early voluntary retirement for workers at the age of 59. Currently the normal pensionable age in the Federal Republic is 63, or 61 in the case of handicapped employees.

The proposed legislation, announced here yesterday by Herr Norbert Blum, the Labour Minister, would run for five years from 1984. It makes clear that the scheme is not compulsory, but to be decided at the common consent of company and worker.

Broadly, the early pension would be chiefly paid by the employer. The recipient would be liable for income tax on it, as well as obligatory social security and welfare contributions.

However, the state is prepared to meet up to 40 per cent of the costs that otherwise fall on the employer if the latter takes on an unemployed worker or a job-seeking school leaver in place of the worker who has opted to take earlier retirement.

Officials yesterday stressed that the exact cost of the scheme to the Government would depend on the extent to which the provisions were actually used.

The Government is hoping that the scheme might help make a small dent in unemployment here, which at present stands at over 5 per cent and all that it might deflect the demands of leading unions here for a 35-hour week.

## Turkey rules out bilateral talks on Cyprus

BY OUR FOREIGN STAFF

TURKEY appears to have ruled out the possibility of further bilateral talks with Britain to defuse the Cyprus crisis.

Mr Ilter Turkmen, Turkey's Foreign Minister, said in London yesterday that the problem was between the two communities on Cyprus. "It is they who should hold the talks."

Mr Turkmen was speaking after a tough 40 minute meeting with Sir Geoffrey Howe, the Foreign Secretary.

The talks between the two Ministers were described as "frank exposition of the two

sides' view."

Turkey had apparently been willing to enter into tripartite discussions over the Turkish Cypriot community's declaration of unilateral independence. However, Greece declined to participate.

Under the Treaty of Guarantee granting Cyprus independence in 1960 the three countries are called upon to enter discussions if there is a change in the status quo of the island. Britain has only now received replies from both Greece and Turkey for its original request for talks.

The focus of attention now

shifts to the debate in the United Nations Security Council. Mr Turkmen is en route for New York and President Spyros Kyprianou of Cyprus and Mr Rauf Denkash, the leader of the Turkish Cypriot community, are already there.

In New York, Security Council members worked at amending a British resolution against last Tuesday's Turkish Cypriot UDI claim. The major amendment was understood to change the text so that it called not simply for the withdrawal of the declaration but also made the declaration legally invalid.

Mr Turkmen claimed once

again that the Turkish Government had not been entirely happy about the UDI and did not know of it in advance. There were reservations, Mr Turkmen said, because it would make the UN initiative an inter-communal matters more difficult.

Once the decision had been made by the Turkish Cypriots, however, the Turkish Government had no choice but to accept it.

Mr Donald Rumsfeld, President Reagan's special envoy to the Middle East arrived in Ankara yesterday for urgent talks on the Cyprus crisis, Reuter reported.

## Brazilian leader favours direct presidential election

BY ANDREW WHITLEY IN BRASILIA

DIRECT presidential elections in Brazil within the next 15 months, are now a strong possibility following the declaration by President Joao Figueiredo that he personally favours such a move.

The 65-year-old Army general is due to retire as President by March 1985. Under present rules his successor will be chosen by an electoral college, dominated by the officially created Partido Democratico Social (PDS), the ruling military political vehicle.

The President's statement

that the only obstacle to direct elections is resistance to the idea in the PDS, has hit Brazil as a political bombshell, electrifying the opposition and casting the initial party in gloom and disarray.

Senator Ulysses Guimarães, the main opposition leader, praised the President for having "interpreted the almost unanimous voice of the nation." A recent opinion poll showed that more than three quarters of all Brazilians favour direct Presidential elections, completing the return to full democracy following last November's national elections.

## Poland's bishops call for economic, political changes

BY CHRISTOPHER BOBINSKI IN WARSAW

POLAND'S BISHOPS have called for economic and political changes and reminded the authorities that projected price rises alone will not resolve the country's problems.

Their call came as the party central committee met yesterday to discuss the state of the economy.

The language of the communiqué, issued after a bishops' meeting here, is temperate, but mentions of these issues shows that the church leadership is losing hope that recent discreet contacts with the authorities will suffice to induce reformist

policies.

The bishops have also called for normal economic and cultural relations with "all countries"—an implicit criticism of remaining Western sanctions on Poland.

In their communiqué, the bishops also suggest that the political climate would improve if the authorities were to drop political trials against four human rights dissidents and seven leaders of Solidarity.

Another attempt "to find a way of freeing those sentenced for political offences" should also be made, the bishops urge.

## Hong Kong to remain capitalist, says China

BY MARK BAKER IN PEKING

CHINA NOW seems willing to set aside socialist principles in its quest to maintain the prosperity of Hong Kong after Britain leaves.

Remarks this week by two leading Chinese officials have given a clearer picture of Peking's proposals for running the territory after 1997—and the mainland's policies and people have almost no part of it.

Mr Ji Pengfei, head of the Office of Hong Kong Affairs, has gone so far as to promise that Communist officials will

not be sent to Hong Kong because they couldn't be trusted to restrain their socialist ways.

"If cadres were sent from the interior they might be ideologically bound by socialism and socialism might be practised; therefore Hong Kong should be administered by Hong Kong residents," Mr Ji told a delegation visiting Peking from the colony's New Territories.

Professor Qian Junrui, a senior Chinese economist, has said Hong Kong residents will be allowed to elect their own

leaders, and the tone of his remarks was that the elections would be more democratic than the rubber-stamping of back-room nominations which passes for elections on the mainland.

Comments by both men show that Peking's promises are to be trusted. Chinese are determined to preserve Hong Kong as an independent capitalist enclave within the People's Republic.

Mr Ji said China had promised to guarantee the continuing administrative and economic autonomy of the

territory in a special annex to the constitution, and that China's broad principle was "Hong Kong people ruling Hong Kong." As a special administrative region it would have its own law and the people would be consulted before this law was enacted by China's National People's Congress.

The soothing reassurances by Mr Ji and Professor Qian, an advisor to the ruling State Council, contrast sharply with the threats and ultimatums made by China before the fifth round of Sino-British talks on Hong Kong last month.

## U.S. television viewers switch on to controversy

### Prime time nuclear shock

BY PAUL TAYLOR IN NEW YORK

U.S. VIEWERS who switch on the television set and tune into ABC, one of the three major U.S. television networks, tomorrow evening during prime viewing time are in for a shock.

Instead of the usual film reruns, soap operas and TV series, they will be offered a horrifying picture of what life—or the lack of it—might be like after a global nuclear war.

Even before its television debut at 8 pm Eastern Standard Time, the film, called "The Day After," has sparked a fierce political controversy.

It has also caused sharp divisions among educators, been taken up as a rallying cry by the U.S. anti-nuclear lobby, has been shunned by the Reagan Administration, and received a lukewarm response from advertisers.

In the U.S. news magazines, pages of editorial space have been devoted over the last couple of months to the film and the issues it raises.

The potential power of the film is reflected in an advisory message which will precede its broadcast. The message reads: "Although based on scientific fact, this film is fiction. Because the graphic depiction of the effects of a nuclear war may not be suitable for younger viewers, parental discretion is advised."

A viewer's guide to the programme advises that families "watch the television programme together and that children not watch it alone."

What is perhaps most startling about *The Day After*—which focuses on the effects of a nuclear attack on the Mid-Western farming communities around Kansas City—is that it should have managed to be made at all.

U.S. television networks have

Prime-time viewers 'will be offered a horrifying picture of what life—or the lack of it—might be like after a global nuclear war'

lauded by pressure groups who favour a nuclear freeze. Congressman Edward Markey, co-sponsor of a House freeze resolution, who saw an early preview, has called it "the most important television programme ever because it is the most important issue ever."

Anti-nuclear groups have been showing pirated copies across the U.S. and plan a series of seminars in 100 cities to follow the showing.

The film has also met with heated criticism from those who believe in nuclear weapons as part of a defence strategy. The Federal Emergency Management Agency says of the film: "It does not have our blessing, we have not endorsed it in any way."

In New York City, education chiefs have sent a lengthy memo to schools advising teachers how to deal with questions raised by the film which it describes as "devastating."

For ABC, the film is a major gamble. Initially, the network admits that advertisers were reluctant to sponsor the programme. Now ABC says the 30-second advertising slots are "almost all taken." However, advertising industry executives suggest that this has only been achieved by slashing advertising rates.

But the network hopes the pre-publicity for the film will ensure a much-needed audience surge at the start of a crucial agency rating week.

The confrontation escalates into global nuclear war in which Kansas City is a prime target. The final result is a breathtaking film which cost \$7m to make.

The film has inevitably been

To start with, you could sip your way through a variety of tempting cocktails, shaken or stirred at our tropical poolside bar.

Then on into Diamond Lil's, our authentic 150 year old wild west saloon. Where dancers, singers and comedians entertain in our twice nightly show. And where you can try one of our famous charcoal grills.

Or, in contrast, you could dine in the tranquility and stylish atmosphere of our French restaurant. In fact, The Colony Room boasts a reputation for excellent cuisine, friendly service and an extensive wine list.

(All of which, incidentally, you can enjoy even if you are not staying at the Skyline).

So, it's hardly surprising you'll be reluctant to turn in for the night. But, of course, when you do, you'll find we've put the same effort into providing your room with every comfort.

**At our hotel, it's the last thing you'll want to do.** Sheraton Skyline®  
Bed, yes. Bored, never.

BATH ROAD, HAYES, MIDDLESEX. TEL: 01-759 3535.

JOY & "1000"

JEAN PATOU PARIS

The costliest perfume in the world.

مكتبة من الكتب



# Pym urges the West to review crisis management

BY PETER RODELL, POLITICAL EDITOR

THE MECHANISMS for crisis management within the Western Alliance should be reviewed in the light of the Grenada affair and other recent events, Mr Francis Pym, the former Foreign Secretary, argued yesterday.

In a major speech on U.S.-European relations to the Atlantic Institute in New York, Mr Pym said that while agreement would not always be possible, members of the Alliance should at least ensure that they know the course of action they intend to pursue and try to evolve joint reactions, at least on the political and economic level.

Mr Pym argued that the development of a more united

Europe might lead to a greater European assertiveness within the Alliance from time to time, but this was only to be expected and welcomed.

His theme was to try to play down the seriousness of the divergences which had occasionally arisen within the Alliance.

"We should not let a disagreement about the advisability of American action in Grenada undermine any part of our wider political relationship. You may feel indignation about the lack of British support for the invasion but, equally, Britain feels aggrieved by the lack of consultation with your allies, which preceded the action," he said.

Mr Pym noted that perspectives could not always be identical, though there was a common interest in Nato.

He also reviewed the various economic disputes between the U.S. and the EEC—agriculture, steel, monetary, taxation, territoriality, and interest rates. On each point, he warned his American audience that U.S. actions might have an adverse impact on Europe and he urged that protectionism should continue to be held at bay.

On Lebanon, he felt sure the U.S. Government, in exercising its undoubted right to self-defence, would wield its formidable power with as much restraint as possible.

## Labour Party setting up special unit to help in by-elections

BY OUR POLITICAL EDITOR

THE LABOUR PARTY is to set up a special by-election unit to provide greater professional expertise in parliamentary elections.

Labour organisation in by-elections has often been weak in the past, depending on the quality of its regional office. Responsibility will now be national and staff at party headquarters in the Walworth Road will be on permanent standby. This will involve people working in the agents, research and press departments.

The move follows the successful system adopted by the Liberal Party in a number of by-elections over the years. Mr Andrew Ellis, one of its vice-chairmen, has built up a con-

siderable reputation as the specialist in each by-election where a Liberal candidate stands.

Mr Robin Cook, Labour's spokesman on Europe, said yesterday that the party had established a seven-man unit at Walworth Road to work on the campaign for next June's European Assembly elections. The party will have nearly £600,000 allocated by the EEC to spend.

Mr Cook said Labour's target was to win a convincing second place behind the Tories in respect of its share of the popular vote in the elections. He said the party was confident of winning 21 seats out of 78 and claimed that a further nine seats could be won with a swing to Labour since June of

5 per cent, with a further six seats if there was a 7½ per cent swing.

Labour had commissioned detailed market research from the Market and Opinion Research International group, he disclosed. This had revealed low awareness among the public about the elections, which the party's campaign aimed to combat.

He also said research had shown that only a low proportion of the public thought the Alliance stood up for Britain on European issues. It is clear that Labour will be mainly concerned with pushing the Alliance back into third place to provide a sound basis for its electoral recovery.

## Foreign buyers interested in Singer & Friedlander

BY DAVID LASCELLES

STRONG FOREIGN buying interest has emerged for Singer & Friedlander, the merchant bank offered for sale by European Ferries.

Potential bidders from North America, Europe and Japan are believed to have indicated interest in the London market, which is handling the sale. Others, including one of the largest banks in the U.S., confirmed yesterday that they were looking at the deal.

A deal, however, is still several weeks away. The announcement of the proposed sale was precipitated by rumours in the London market, before Warburg was able to assemble a full information kit on Singer & Friedlander.

The kit will not be ready for at least a fortnight, says Warburg.

The sale of Singer, which has a net worth of £37m, is an infrequent opportunity for someone to buy a member of the Accepting Houses Committee—which confers prestige though few trading advantages.

Only British-controlled accepting houses may belong to the club, so if Singer was bought by a foreigner, it would be asked to leave. The new owner could, however, challenge City

"chauvinism", as Citibank of New York did with its application to join the equally exclusive Committee of London Clearing Bankers.

Two of the latest deals on accepting houses have involved foreign companies: Hongkong and Shanghai Bank bought Anthony Gibbs and Azma, the large U.S. insurance company, bought a 40 per cent interest in Samuel Montagu. Anthony Gibbs left the committee; Montagu was allowed to stay because Azma had a minority interest.

Riggs National Bank of Washington is also buying AP Bank from Norwich Union.

Speculation has focused on big New York banks like Chase Manhattan, the large Japanese securities houses or one of the emerging U.S. financial conglomerates as possible Singer buyers. But Singer is not considered a top drawer bank and it may best suit a buyer seeking an entry to London rather than one with an established presence.

As for UK candidates, some of the more aggressive financial service companies like Mercantile House and Exco say they are not interested.

## Citibank applies to join London Clearing House

BY DAVID LASCELLES

CITIBANK of New York has applied for membership of the London Clearing House, the organisation owned by the large UK banks that clears cheques in the banking system. If accepted, it would be the first foreign bank to join the ranks of the British clearing banks.

Indications are that it will succeed. Citibank meets the necessary qualifications, and the UK banks are sensitive to suggestions that they run an exclusive cartel.

The move had been expected since Citibank was earlier this year refused membership of the Committee of London Clearing Bankers, the exclusive club of top UK banks. Citibank, it was felt, did not have the right qualifications. It was hinted that Citibank should apply for Clearing House membership.

Citibank is applying for "functional" membership, which would put it on a par with banks like the Co-op Bank and the Trustee Savings Bank, enabling it to clear its business directly, without having to go through another UK bank.

This would not only save it clearing charges but would also give it access to Clearing House committees that decide on the organisation and technology of the clearing system.

Citibank has limited its application to "town clearing" which covers transactions in the City of London, rather than general clearing. Citibank must show it has a branch network in the UK (it has more than 40, including its savings bank) and that it accounts for at least 1 per cent of clearing volume.

## MacGregor to review £1bn coal board procurements

BY MARK MEREDITH, SCOTTISH CORRESPONDENT

MR IAN MACGREGOR, chairman of the National Coal Board, has promised to review the £1bn procurements of the state-owned industry to see if more work could be farmed out to small businesses.

His statement came at the start of a conference to examine whether smaller businesses could take, or be given, a greater role in the economy.

Mr MacGregor said that there was no climate of understanding for the role of small businesses in Britain. The coal board would review spending,

"to encourage somebody else to try. We've got to look to see if we are set in our ways," he said of coal board policies for buying in goods and services.

The spending policies of nationalised industries and large corporations are expected to come under increasing scrutiny as the result of a growing movement to find ways to ensure that a proportion of contracts go to small business.

Mr MacGregor was speaking at a dinner on Thursday night to open the conference in the European gear of small and medium-sized enterprise.

## Tories accused of secret moves on disabled Bill

By Kevin Brown

THE GOVERNMENT was accused in the Commons yesterday of organising a secret campaign against a private members' Bill outlawing discrimination against the disabled.

There was uproar as Mr Robert Wareing, Labour MP for Liverpool West Derby, lost a motion seeking a vote on the principle of the Bill. Only four Tories supported him.

Mr Tony Newton, Under-Secretary at the Department of Health, said the Bill was unworkable because it failed to define disablement or discrimination. The Government was also concerned at the cost, estimated to be at least £33m.

Mr Alf Morris, former Labour Minister for the Disabled, said the huge turnout of Conservative MPs was "the biggest coincidence since time began."

Mr Neil Kinnock, the Opposition leader, demanded a statement from Mr John Biffen, Leader of the House, who had promised a free vote.

Angry opposition MPs underlined their disgust with the Government with the traditional shouts of "object" to all remaining business. As a result, several private members' Bills including the one to televise parliament, lost almost all chance of becoming law.

## STC will reduce Ulster workforce

THE WORKFORCE of the Standard Telephones and Cables factory in Monkstown, Northern Ireland, will be cut by 375 by the end of next year as STC phases out electro-mechanical telephone exchanges made there. The company employs 2,600 at the factory.

Meanwhile, the Industrial Development Board for Northern Ireland confirmed it was in negotiation with Ajax Industries of California about a new factory to manufacture hinges and handles in West Belfast, providing 200 jobs.

## New Severn crossing study urged

A MOVE to press the Government for a feasibility study on a second Severn crossing was launched by the CBI in Wales yesterday. The group announced plans for a conference in Cardiff on November 28 to discuss the Severn Bridge superstructure problems and draw up an approach to the Government.

## Benn to appear at Sizewell inquiry

EVIDENCE WILL be given to the Sizewell B inquiry by Mr Tony Benn, the former Energy Secretary. He will appear as a witness for the National Union of Mineworkers against the development. Mr Arthur Scargill, the union president, is also expected to address the inquiry next month.

## Mixed reception for easing of ban on solicitors' advertising

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

THE DECISION by the Law Society's ruling council to bend before pressure within and outside the profession to allow limited advertising by solicitors' firms has had a mixed reception.

It was welcomed by Sir Gordon Borrie, Director-General of Fair Trading, who on Monday had renewed his criticism of the Law Society for not responding to its members' views on the matter.

From the British Legal Association came a tart comment about solicitors being encouraged "to adopt the mores of the market place."

The Legal Action group described it as "a paltry concession." It said: "We are very pleased, but feel it is extraordinary that the Law Society has taken so long and finally conceded so little, under extreme pressure."

Mr David Tench, legal adviser to the Consumers Association, said it was "a great advance" but added: "There's still a long way to go."

The type of advertising that the 70-strong Law Society council decided on Thursday by a large majority to allow is heavily circumscribed.

Firms will be allowed to advertise only in local newspapers. Advertisements in national papers or on radio or television will still not be permitted.

Advertisements cannot be bigger than 6 sq in and can appear only once a week.

They will be restricted to stating the kind of work the firm undertakes.

Solicitors will not be permitted to advertise their charges. If domestic conveyancing is being advertised, the advertisement must state that a written estimate will be given.

All advertising will be strictly controlled by the society's professional purposes committee.

Mr Stanley Best, chairman of the British Legal Association and a long-time critic of the Law Society, said yesterday that if the profession were to stand in fear and trembling of governments and of the Director-General of Fair Trading—"a further decline in the standards of professional practice could not be far behind."

He said those doing legal aid work at what had been described as "the gritty end of the market" had enough overheads to cope with and already found it hard enough to make a living on absurdly low legal aid fees without incurring further expense on advertising.

Mr Tench regretted the restrictions still imposed but thought they would eventually be reduced so that solicitors would be free to advertise as they wished.

Pressure on the Law Society, the profession's governing body, to allow firms to advertise had been steadily increasing. Particularly in the past year, it was fuelled by solicitors' concern about the effect on them of proposals to end their monopoly on conveyancing, on which many smaller firms rely for a large part of their income.

A change in the Law Society's attitude was indicated at its annual conference in Paris last month, when Mr Christopher Hewitson, its president, spoke of the "freshening winds of competition" affecting the profession and the need to ensure that the services it offered were made known to the people who required them.

## CEGB and contractor fined over asbestos

FINES TOTALLING £1,200 were imposed on the Central Electricity Generating Board and a contractor yesterday when a court heard that four men worked in asbestos levels of at least 50 times more than the legal limit.

The board was fined £800 for contravening the Health and Safety at Work Act by commissioning an office by a contractor and not providing protective breathing equipment for the men at Rugeley B power station. The board admitted the charges.

The four men were employed by Joseph Nadin Contracting of Manchester, which admitted not providing the equipment. The company was fined £400 by Rugeley magistrates.

Last June the men ripped out a lagging jacket of lagging over a boiler during an overhaul at the power station. The building was thought asbestos-free but after seven hours' work one of the men asked for tests on the lagging. It contained brown and white asbestos, said Mr Philip Smith, a Factory Inspector, prosecuting for the Health and Safety Executive.

He said levels were between 50 and 200 times above legal limits and that it would be 10 to 15 years before it was known if the men's health would be affected.

Mr Geoffrey Clough, for the board, said management had believed Rugeley B completely asbestos-free. The station had a remarkable safety record.

Mr John Henthorn, for the company, said it was one of the main insulating contractors in the country. There was no way it could have known of the existence of asbestos in the lagging.

The board and company were ordered to pay £50 costs each. The magistrates' chairman said both had shown degrees of negligence.

Mr Clough later said the board could not offer compensation to the men until it was known if they would suffer ill effects.

## Yorkshire TV becomes small claims court

A TELEVISION station has officially become a court, it was disclosed yesterday—and the proceedings will be televised next year.

Leeds-based Yorkshire Television is now a small claims court registered under the Arbitration Act, able to decide civil disputes involving claims up to £500.

People involved in wrangles with neighbours or attempts to get refunds from shopkeepers will be filmed. The ruling of the arbitrator—probably a retired judge or senior barrister—will be legally binding.

Involved parties will be paid a £100 appearance fee, and Yorkshire has agreed to pay any settlement.

Timing of People's Court is set to start in January after screening on Channel Four in the spring.

## Rank Organisation managing director quits

BY CHARLES BATCHELOR

MR BRIAN SMITH, managing director of Rank Organisation, the hard-pressed office equipment, leisure and industrial holding group, is to resign in the latest of the series of boardroom changes.

Rank announced yesterday that Mr Smith, 55, will leave on November 30 after 15 years with the company but only 20 months as managing director. His post became redundant when Mr Michael Gifford became group chief executive on September 1.

Mr Gifford, 47, joined Rank from Cadbury Schweppes, where he was finance director. He said yesterday: "It does not make sense from a management point of view to have both a managing director and a chief executive. I don't suppose Mr Smith is overly delighted."

Rank, under pressure from institutional investors disappointed at its lacklustre performance, has made several top management changes in recent months.

Two of the company's non-executive directors, Sir Ray Geddes and Sir Richard Trehan, reach retirement age next year but Mr Gifford said no other changes were planned. Two new non-executive directors are expected to be appointed.

Mr Gifford said it had not been an automatic assumption that Mr Smith would leave after his appointment but this was how things had turned out.

Rank reported a further fall in profits in the first half of 1983 to £36.3m but the drop was marginal and some analysts expect a slight recovery in the full-year figure. Last year's profits fell from £102.8m to £161.5m.

Rank's shares rose 4p yesterday to 154p.

## Post Office engineers stay out as talks fail

By Phillip Basset, Labour Correspondent

LEADERS of the Post Office Engineering Union yesterday reversed an instruction to about 1,000 striking telephone engineers to return to work. The decision renews the prospect of British Telecom dismissing or taking legal action against some of the strikers.

Instead of about half the striking engineers returning to work on Monday, action will be maintained by all 2,480 either suspended for refusing to work normally, or on strike as part of the union's campaign against the Government's plans to privatise BT.

Instructions cancelling the return to work followed the failure of talks with BT management late on Thursday night to provide what the union saw as satisfactory assurances on the return.

Neither side yesterday would give details. BT said that the negotiations were continuing. It is understood, however, that the main difficulty is the dismissal threat outstanding against 57 engineers for refusing to work normally.

Union negotiators are understood to have been pressing for these threats of dismissal to be lifted. BT management is believed to have refused to do so, insisting that the dismissals would merely be suspended.

POEU leaders may have felt unsure of their ground, partly because of the strong opposition to any return to work expressed earlier that day between London branch officials of the POEU and the union's industrial action strategy committee.

Furthermore, the executive meeting on Wednesday which decided to send the strikers back was divided. A motion was before the executive maintaining the action in the London international exchanges only, implying a return to work by the other strikers.

It is understood that an amendment to extend this to all the London action was defeated 12-10, and then the decision heated by the original motion being unanimously approved.

If a further meeting between BT and the union fails to reach agreement on a return to work, BT may well enact the threats of dismissal, or its warning to the union that it may seek a High Court injunction to halt the industrial action completely.

BT continued its policy of bussing staff to work yesterday, moving about 360 engineers.

The Government is expected on Monday to introduce in Parliament a guillotine motion to speed the progress of the bill to privatise BT. The committee stage of the bill was expected to last until Christmas, but it was being suggested yesterday that the TGWU arrived at Shell's London headquarters to say this was not the case.

He also said he had arrived

## Kodak workers black movie film from UK

By David Brindle

UNION LEADERS representing Kodak workers in France, Belgium and the Irish Republic yesterday pledged not to handle movie film sent from the United Kingdom for processing.

The undertaking, in anticipation of alleged cutback moves by the multi-national company, is the first joint action threatened by the European standing conference of Kodak unions.

The unions held their second international conference yesterday in London, following a meeting earlier this year in France. The conference was sponsored jointly by the Greater London Council and by the local authority of Val de Marne near Paris, where Kodak Pathe is planning to run down a factory.

Joint strategies are being pursued because the unions believe that parent company Eastman Kodak is following a policy of concentrating production in the U.S.

Kodak, which employs about 8,000 workers in the UK and 22,000 in Europe as a whole, this week announced it would no longer process colour photographs at Hemel Hempstead, Herts. It also said it was considering sending some movie film for processing abroad.

Mrs Brenda Martin, Transport and General Workers' Union convenor at Hemel, said after yesterday's conference: "We asked for—and received—full support from our European colleagues. They will not do this work."

Kodak said last night that although it had been re-structuring for some years to improve productivity, there was no question of abandoning production in Europe.

The delegation, headed by Mr Len Murray, TUC general secretary, said that the entire Western European trade union movement was opposed to the stationing of cruise and Pershing missiles in Europe.

TRADE UNION leaders yesterday met Sir Geoffrey Howe, the Foreign Secretary, to express their opposition to the deployment of cruise missiles in Britain.

The delegation, headed by Mr Len Murray, TUC general secretary, said that the entire Western European trade union movement was opposed to the stationing of cruise and Pershing missiles in Europe.

## Print union warns of Fleet St action

BY DAVID GOODHART, LABOUR STAFF

THE print union the National Graphical Association yesterday warned that industrial action could spread to Fleet Street if its funds are sequestered by the courts.

Mr Joe Wade, NGA general secretary, confirmed that the union would be highly unlikely to pay the £50,000 fine for contempt it received on Thursday from a court in Manchester—in which case sequestration would be the next step.

The NGA Council will be meeting on Tuesday to decide whether to pay. Mr Wade said: "My advice is going to be that we should stick by our conference decision and not pay fines arising from the 1980 and 1982 Employment Acts."

Mr Wade said that the Council will stand by conference decisions. "If my council does decide to continue the dispute it is inevitable that it will spread into a number of different areas of the printing industry and that could mean Fleet Street."

At an informal meeting yesterday with Mr Len Murray, TUC general secretary, NGA officials provided details of the closed shop dispute with Messenger Group Newspapers which sparked off the legal action.

The NGA has assets of more than £10m and will not be financially support to continue campaign of industrial action if its funds are seized. T support will become essential. That is likely to be decided next Wednesday's TUC General Council.

Meanwhile an attempt to resolve the original dispute was made at the conciliatory service, Acas, on Sunday. Even if that meeting ends in dispute the fine will still sit

the general council empowered to co-ordinate industrial action and provide financial assistance for a union facing legal action.

But the TUC is not obliged to provide support and it is unlikely that Congress House would want to get embroiled in an unpopular closed shop dispute, especially on behalf of the NGA which earlier this year ignored TUC ruling during the Financial Times dispute.

The TUC employment committee, which meets emergency session on Monday advised the NGA against picketing of Messenger's Warrington plant. There were about 30 pickets outside the plant yesterday, emphasising the NGA's determination to continue the dispute defiance of both an injunction and the contempt fine.

The NGA has assets of more than £10m and will not be financially support to continue campaign of industrial action if its funds are seized. T support will become essential. That is likely to be decided next Wednesday's TUC General Council.

Meanwhile an attempt to resolve the original dispute was made at the conciliatory service, Acas, on Sunday. Even if that meeting ends in dispute the fine will still sit

## Shell peace hopes dashed as drivers demand talks

BY BRIAN GROOM, LABOUR STAFF

SHELL UK's hopes of a rapid end to its pay dispute received a setback last night when about 50 oil tanker drivers' shop stewards arrived on the company's doorstep demanding further talks.

This came as a surprise to Shell executives who were under the impression that negotiators from the Transport and General Workers Union had agreed on Thursday to accept a slightly improved pay offer.

The offer comprised mainly a 4.5 per cent increase in basic rates, and consolidations into basic pay of £2.50 a week of existing pay supplements. The company had also agreed to continue paying an allowance for safe driving worth an average of £8.00 a year.

The impression that the TGWU negotiators would urge acceptance was also shared by many stewards around the oil industry, but at 8.30 a.m. yesterday Mr Jack Ashwell, commercial road transport secretary of the TGWU, arrived at Shell's London headquarters to say this was not the case.

He also said he had arrived for fresh negotiating meetings. The company said none was arranged.

Mr Ashwell consulted shop stewards at a national conference later in the day and turned to Shell in the evening accompanied by all the wards. A meeting duly began.

Meanwhile it was disclosed that BP's 1,550 drivers and oil tanker workers had voted to accept 4.5 per cent plus a consolidation of £2.50 by nearly in halloes.

If a solution is found to Shell dispute the 1,750 driver and depot workers will call their five day overtime ban work to rule.

This would put pressure refinery workers in dispute more than four weeks over similar 4.5 per cent offer. Shell to return to work. Stewards from the Shell unit who were present at the refuelling Transport House headquarter yesterday drew comfort from the fact that the drivers' strike had not gone immediate acceptance.

Few firm explanations of the union's apparent change of heart were available.

## Journalists ordered to call off Dimpleby strike

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

THE National Union of Journalists was yesterday ordered by the High Court to call off its strike against the newspaper group owned by television presenter Mr David Dimbleby.

Dimbleby Newspapers was granted temporary injunction outlawing the strike by journalists on the Richmond and Twickenham Times Group.

The judge, Sir Neil Lawson, suspended the order for five days pending an appeal by the union. Subject to the outcome of the appeal, the order will remain in force until fulfilment of Dimbleby's damages action against the NUJ.

The strike was called when Dimbleby switched the printing of its papers to the non-union Nottingham company, TBF Printers.

The NUJ said its action was legal because of TBF Printers' association with T. Bailey Forman of Nottingham, with which the union has had a legitimate trade dispute since T. Bailey Forman refused to reinstate journalists after the 1979 provincial newspapers strike.

Dimbleby said the judge gave the NUJ more time to prove a link between the two Nottingham companies, saying that there appeared to be a genuine trade dispute with TBF.

Yesterday, however, he said that, although the two v controlled by the same person and had the same phone number, their present address and managing director were "separate entities."

TBF Printers were there not a party to the NUJ's dispute with T. Bailey Forman, who meant that the union engaged in secondary industrial action not covered by immunity from legal sanction given by the 1980 Employment Act.

Dimbleby was entitled to interim injunction because would not be adequately compensated by damages if eventually won its action. The judge added that indications were that Dimbleby would not seek an injunction to prevent journalists to permit their use to be handled by TBF, doubted if withdrawal of strike benefits would persuade the strikers to relent.

Mr Dimbleby said that he was not to have got injunction.

Mr Bob Norris, assistant general secretary of the NUJ, denied that the union threatened to take away journalists' union cards.

## Civil servants drop youth training opposition

BY DAVID BRINDLE, LABOUR STAFF

THE SOCIETY of Civil and Public Servants has dropped its opposition to terms for the Youth Training Scheme, clearing the way for the creation of 4,000 places in government departments.

The executive of the 100,000-strong SCPS—the only civil service union still holding out against the scheme—voted 11-7 to agree to the sixth and latest draft framework proposals.

The Council of Civil Service Unions, the unions' umbrella body, will now notify the Government that arrangements for the scheme can proceed. Although the largest union, the Civil and Public Services Association, voted at conference to oppose the scheme, its executive has said it will fall in with the other eight unions.

The SCPS had sought improvements in the framework for the training scheme and majority of its executive that sufficient progress had been made.

The framework now includes an undertaking that Government will consider for additional staff to super-trainees, a guarantee trainees will not be used place of regular staff, and a veto for negotiation, consultation and for monitoring of scheme at local level.



# Chancellor angers both businesses and unions

**BUSINESSMEN** and trade unions were united in their disappointment over the Chancellor's autumn statement.

Mr William Goldsmith, director general of the Institute of Directors—and generally one of the Government's staunchest supporters—was one of the strongest critics.

Mr Goldsmith was upset by the Chancellor's suggestion that taxation might have to rise in the spring Budget to keep the public sector borrowing requirement target of £50m for 1983-84. He said the Government was failing to deliver the goods and its credibility as a tax-cutting administration was at an all-time low.

"Tax-cutting rhetoric in Parliament and in the press is no substitute for a planned and sustained programme of tax cuts made possible by real economies in public spending."

The Government was straining the loyalty of businessmen who time and again had asked for tax cuts on business and its customers. "All we hear are constant restatements of manifesto commitments when in reality the tax burden is being

increased through the back door," Mr Goldsmith said.

Sir Terence Beckett, director general of the Confederation of British Industry, said the new higher limit for national insurance contributions would raise business costs by £90m next year. "That is bad news."

Sir Terence and Mr Goldsmith both praised the Government's determination to aim for low inflation, but they said the Chancellor must do more to help business.

"Business is making tremendous efforts, but the Chancellor must do everything possible to lower interest rates and press on to reduce business costs in his first Budget," Sir Terence said.

Mr Len Murray complained that the Chancellor's optimism on growth was profoundly misplaced. "Whistling in the dark is no substitute for action," he said.

The increase in National Insurance rates to pay the cost of unemployment benefits was a direct result of the Government's failure to cut the dole queues, Mr Murray said.

The "so-called recovery" was

no more than a short term boost to consumption which showed no sign of generating any lasting growth.

Recent assessments of the prospects for manufacturing and construction all showed that the claimed recovery would run out of steam in 1984, he added.

Mr Bruce Chivers, president of the National Federation of Building Trades Employers, criticised the Government's £500m cut in housing capital spending.

"There can be no justification for housing cuts. A 10 per cent increase in local authority funding was needed this year just to cover current demand for home improvement grants alone."

However, he also criticised local authorities who persistently underpenned their capital allocations. "Unless authorities spend to the hilt they will be in no position to press for extra funds in the future. The penalty for failure will be accelerating deterioration of the housing stock and a further loss of jobs in the hard-pressed building industry," he said.

# Offshore tax funds hit harder than expected

By Clive Wolman

**THE GOVERNMENT** announced on Thursday night proposals which were more stringent than expected to stop the use of offshore tax avoidance schemes.

The target was not only offshore roll-up funds designed to convert investment into lightly taxed capital gains, but also offshore insurance companies.

The Inland Revenue has long wished to remove the tax advantages of buying life policies in such companies (although the tax loss to date has been small), and felt that now was an opportune moment. It feared that money withdrawn from the roll-up funds would be reinvested in offshore life policies.

Victims of the change will be those who take out life policies while working abroad temporarily. Another unintended victim will be the investor using an offshore company for a wider range of investments.

The roll-up funds highlight a fundamental difficulty for the taxpayer—that of distinguishing investment income from capital gains.

Capital gains are meant to represent risky and unpredictable returns from investment while income, typically in the form of interest, is secure and stable and therefore taxed more heavily. Returns from the cash roll-up funds are as predictable as the interest from a bank account, and the legislation will focus on this.

The new tax regime will apply where the investor in an offshore fund has a "reasonable expectation" of being able to cash in his investment at a value "substantially equivalent" to his share of the fund's net assets.

Instead of producing an objective definition of a fund, the wording latches on to what the "reasonable" taxpayer would expect when investing. If such a formula were used widely it could represent a threat to many tax avoidance schemes because it demands examination why the taxpayer is engaging in such a scheme. If the probable motive is tax avoidance, the scheme could be stopped.

One way in which the funds could avoid the legislation is by injecting a little uncertainty into returns. At present, they all guarantee to let the investor cash in his shareholding at net asset value, as with a unit trust.

A fund could convert itself into a closed-end one like an investment trust, whose shares were traded on the Stock Exchange. These may then stand at a discount to the fund's net asset value or at a premium, if the fund's tax advantages were sought eagerly by investors.

In their marketing literature the funds would have to be careful not to create "reasonable expectations" of a secure return.

The other provisions of the legislation are designed to exempt offshore unit trusts and other funds which genuinely invest in real assets in equities and which distribute all the net income they receive. Commodity funds, however, do not escape.

The possibility that the funds could artificially avoid the receipt of income, for example, by dividend stripping, is ruled out by subjecting the funds to the principles of UK corporations.

The investor will be taxed on gains from the funds in a novel and hybrid fashion. All the gains will be taxed under schedule D (dividend income). But they will not be taxed on an annual basis as they accrue, as with other investment income. Instead they will be taxed only when they are cashed in.

Lex, Back Page

# Akroyd chooses partner

**LONDON**  
ONLOOKER

**THE BIG** event of the week was billed to be the Chancellor's autumn financial statement on Thursday, but the City of London, at least, was jolted by something that happened first thing on Monday morning.

Shares of the leading jobbers Akroyd and Smithers were suspended at the year's peak of 585p ahead of a mooted deal with Mercury Securities, parent of the top London merchant bank S. G. Warburg, which aims to buy 29.9 per cent of Akroyd.

The idea of such a top-level get-together in the London securities markets set other brokers, jobbers and bankers in a tizzy. But it has all turned out to be something of an anticlimax, with the announcement of the details delayed until next week.

The Chancellor's statement also failed to produce any excitement for the market.

Over the five days the FT Industrial Ordinary Index has shown only small fluctuations, finishing last night a net 3.7 points down on the week at 721.4.

## Cable & Wireless

After the rapid growth in profits last year it was almost inevitable that the pace of expansion would slow at Cable and Wireless. And the interim pre-tax profits for the six months to September are, indeed, only up by a relatively modest 16 per cent to £80m. However, there is little to

disturb the view that Cable and Wireless enjoys a healthy position in one of the key international growth industries, and in this period of traffic volume rose by 15 per cent.

Currency effects were broadly neutral, with the results flattered by only £2m net. Within the total the fall in the Hong Kong dollar depressed somewhat the buoyant underlying profits growth in this part of the world, while the strength of the U.S. dollar gave a boost to earnings in the Western Hemisphere, mainly in the Caribbean.

Apart from the Hong Kong squeeze, the pattern of work on the Saudi Arabian National Guard project produced a lower than usual contribution from this source, although this is likely to be recouped in the current half. On the bonus side, HMG's appetite for communicating with the Falklands following the battle to retake it has proved valuable to the company.

So pre-tax profits are set to rise solidly this year from the £156.7m last time to something in excess of £180m. The shares are trading on a prospective P/E of about 12, on the likely stated tax charge, which should not appear too arduous a rating once the forthcoming disposal

of around half of the Government's 45 per cent stake is out of the way.

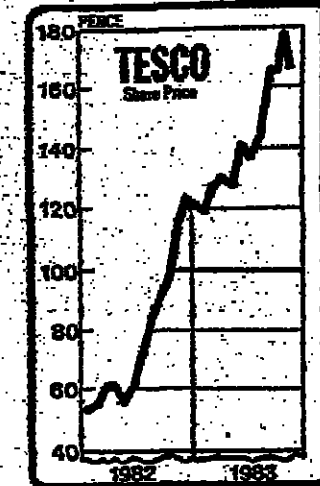
## Johnnie is home

Johnnie came marching home again this week—Johnnie Walker Red Label, that is. The Distillers Company's world top-selling blend of scotch whisky was relaunched on to the home market on Thursday, some six years after being banished from these shores.

DCL withdrew the brand from the UK because of a row over pricing policy with the European Commission. Large volumes of Red Label were being "parallelled", or sold by unofficial exporters into Continental markets where traditional prices have been substantially higher than in the UK because of the need to support expensive marketing campaigns to local distributors.

Now DCL has managed to patch up the row with the Commission. It has been allowed to slap a premium on Red Label exported from the UK. This premium, amounting to around £7 a case of a dozen bottles, is said to represent the average of EEC distributor's promotional costs.

When Johnnie Walker Red was withdrawn it held a very healthy 12 per cent of the UK market, a gap into which rival distillers eagerly leapt. DCL's own replacement brand, Johnnie Barr, has made little impact. But the past six years have



been highly prosperous for two leading independents, Arthur Bell—which holds an impressive 22 per cent of the market—and Highland Distillers, with Famous Grouse which has an expanding one-fourth share.

General sluggishness in the whisky market coupled with the threat of Red Label's re-appearance have already damaged the two companies' share prices. Bell has tumbled from a 1983 peak of 197p to 137p, while Highland is down less sharply from 117p to 96p.

How quickly can DCL rebuild Johnnie Walker Red Label's market share? One limiting factor will be that it is being reintroduced in a higher price bracket, at the upper end of the standard blends (though below the de luxe blends and the malts), whereas previously it was heavily promoted as a discounted brand by supermarkets.

At around £7.50 a bottle, Red Label will be much in line with Bell's and just below Grouse. DCL's marketing men admit that it will take years to rebuild a market share of, say, 10 per cent. But the threat to the competition is clear.

## Tesco

Tesco is decking out its meat counters with juicier prime cuts. The company hopes to raise its quality image and arrive eventually at a substantial saving in labour costs over the present arrangement of using in-house butchers. In the short-term, however, the biggest impact of the decision is higher meat costs—and in this sense it exemplifies a host of changes now under way which are nibbling at the supermarket group's gross margins.

The stock market has kept the potential long-term gains of this strategy firmly in its sights for most of 1983, which explains a dramatic performance by Tesco's share price relative to the rest of the retail sector. But the market knocked off the share price on Wednesday when the group's interim profit figures showed a 9.3 per cent rise in trading profits—trailing rather behind a 13.7 per cent jump in net sales.

# City wants more facts on state asset sales

By David Dodwell

**THE CITY** yesterday shrugged off the Chancellor of the Exchequer's autumn economic statement, although many bankers showed frustration that it had said so little—particularly about selling public sector assets such as British Telecom.

Analysts in stockbrokers' firms and Drew's economics unit reflected the comments of many, saying: "There was little in the Chancellor's statement that was not known. The most significant features were omissions."

"The tenor and brevity of his remarks gave the impression of wanting to leave his policy options open."

Phillips & Drew forecasts a ring budget that "will be stable for its lack of generality" but felt that hints of tax increases "may not automatically be translated into fact."

Laing & Cruikshank analysts, among others, complained that the important need as for more information on the Government's privatisation timetable.

# Electricity prices 'need not increase'

By Maurice Samuelson

**THE ELECTRICITY** industry could absorb its new financial targets without having to raise prices for at least another year, the Electricity Consumers Council said last night.

In spite of widespread assumptions that electricity prices will have to rise by 3 per cent next year, the consumers' body said it would argue over the next few months that there should be no price increase until January 1 1985.

The Chancellor has raised the electricity supply industry's negative external financing limit—its net repayment of money to the Government—from £418m in 1983-84 to £740m in 1984-85.

The consumers' council said it believed this increase could be absorbed by the industry without taking more money from the consumer.

It noted that the Electricity

Council's medium-term development plan projected a negative external financing limit of only £350m for 1984-85.

The Electricity Council itself repeated its earlier statement that it could not quantify its next price rise until it also heard the new rate of return which the Government required on its current cost assets. This stands at 1.4 per cent for 1983-1984.

Although gas prices for householders and small industrial users are expected to rise by about 4 per cent or 5 per cent early in the New Year, the Gas Consumers' Council is being far less critical than its electricity counterpart.

This is largely because higher gas prices have been projected since July and because price rises will be far lower than the 7 per cent to 9 per cent rumoured at Westminster last week.

## MARKET HIGHLIGHTS OF THE WEEK

	Price	Change	1983	1983	
	Ytd	on week	High	Low	
F.T. Ind. Ord. Index	721.4	-3.7	740.4	578.4	Overshadowed by second-finers
F.T. Gold Mines Index	496.3	-12.1	734.7	444.6	Fears about high U.S. int. rates
Applied Computer Tech.	488.2	+8.8	553	259	Apricot unit sales
Associated Heat Servs.	323	+7.0	333	243	Interim results
Bank of Scotland	607	+6.2	607	420	Persistent demand/thin market
Bowater	226	+1.7	245	153	Press comment
British Aerospace	203	+1.7	244	170	BAE-146 sales
Burmah Oil	169	+1.7	187	125	Revised bid speculation
Dixon (David)	108	+2.3	112	66	Newsletter recommendation
Electronic Machine	40	+1.0	43	28	Tip-sheet recommendation
ICI	600	+2.0	606	350	Renewed U.S. buying
Joseph (Leopold)	278	+3.3	280	185	Financial sector euphoria
Midland Bank	433	+3.3	443	272	Sector re-rating continues
Polly Peck	£21½	-4	£35½	£13½	Political/competition fears
Schroders	670	+5.5	675	465	Financial sector euphoria
Shell Transport	544	-34	640	403	Weak spot crude prices
Smith Bros.	83	+1.3	83	39	Renewed speculative demand
Stenhouse	134	+3.0	139	97	Reed Stenhouse bid
Tate & Lyle	404	+4.8	410	209	State-building speculation
Tesco	166	-11	178	111	Prft.-chg. after interim results

# Unsettled mood

**AT THE END** of last week the ward impetus to rates, the debt market threw its collective hat in the air and engaged in a brief bout of euphoria as it successfully swallowed up the £16bn of Treasury debt that had threatened to choke it. But the enthusiasm was short lived. The delayed money supply figures on Monday this week were far better than even a normal adjustment for Wall Street's forecasting inaccuracies in this respect would have implied. Yet the market totally failed to respond to the good news.

Rates hardened steadily throughout the week and by Thursday dealers had put on their Cassandra headwear again and were predicting the worst for M1.

The biggest interest rate Cassandra of them all—Salomon's Dr Henry Kaufman—may have been partly responsible for the edgy caution, with a powerfully argued paper saying that the government deficit leaves no room at all for rate reductions next year. But with the Treasury's demand for more borrowing ceiling still bogged down in Congress, and no sign from the Federal Reserve Board's open market committee meeting of any down-

ings days to Thursday it rose by almost 40 points, though the pace slowed down this week, and volume has at no stage been particularly high.

The main feature of the week was the announcement by AT & T of its new post-December shape, when the telecommunications group will emerge as eight separate and competing companies. If the anti-trust hearing on which this dismemberment

## NEW YORK

TERRY DODSWORTH

was based is right, the companies should be more efficient and competitive on their own than as part of the old monolith.

But will the parts really be worth more than the whole? Wall Street has been beating its head over this conundrum for the past six months, and Wednesday's statement did not seem to help. Dealing in the shares built up to frenetic levels—the price up only \$1 to \$59½—much of the activity was simply action for the sake of action.

An enormous weight of paper has already been generated by AT & T, to say nothing of the

company's droves of Wall Street watchers, to arrive at this neutral point. But the current fog over the shares is logical enough: after all, what the market is now being asked to decide is the quality of the individual management in the new AT & T companies and there is no track record to go on.

Another similar stalemate in the market's second case celebratory battle for reconstruction Gulf Oil. Mr T. Boone Pickens, the rumbustious head of Mesa Petroleum, and architect of the plan to raise earnings at Gulf by splitting off producing wells into royalty trusts, has shot his first bolt and now seems to be sitting on a trading stool.

He borrowed \$900m to buy his 10.8 per cent in the flagship oil giant, but has been stopped temporarily in his tracks by the regulatory authorities. Until this problem is sorted out, the market appears to have decided to stand on the sidelines, and the Gulf shares have slipped to \$42½, against Mr Pickens' average buying price of \$44. So round one has gone to Gulf.

MONDAY	124.87	+1.87
TUESDAY	124.97	-4.10
WEDNESDAY	125.1	+4.25
THURSDAY	124.67	3.35

# Enterprise scheme plans grants extension

By Tim Dickson

**WE TEND** not to take on businesses involved in sex, ulcers, religion or gambling... but just about anything else qualifies.

That was how an official of the Manpower Services Commission (MSC) yesterday described the Enterprise Allowance Scheme, to be extended next year at an extra cost of £40 a week for 1,000 unemployed people wishing to start their own business.

Enthusiasm for the scheme is widespread since it is introduced on a pilot basis in 1982, although so far there is little detailed evi-

dence on which to evaluate its long-term significance.

Mr Tom King, Employment Secretary, said in the Commons after Thursday's announcement: "There can be no doubt that there is a good deal of entrepreneurial talent among unemployed people which the scheme is helping release. The potential benefits are great, not just for the person who manages to set up in business on his own, but also for others who may secure jobs as a result."

Figures from the MSC, which runs the scheme on behalf of the Government, show that about 3,400 people took advantage of the

"pilot" version (run in five areas of the UK) and a further 15,000 have joined in since it went nationwide in August this year. The grants are payable on a flat rate basis for one year and are designed as a substitute for the social security benefits which unemployed people lose when they start working.

To be eligible, applicants must have been out of work for at least 13 weeks and be able to show they have at least £1,000 to invest in their business. No industry is excluded but the MSC has discretion to reject applicants considered "unsuitable" for support from public funds.

Enterprises set up range from an astrologer who uses stellar intelligence for advising small businesses, to a group of Missogram girls in Kent. Not surprisingly, most applicants are engaged in conventional crafts and services. The MSC said the vast majority "are serious minded people who just needed this opportunity to get going."

In spite of the admirably eclectic range of applicants, the MSC admits the overall response since August has been lower than anticipated—a factor some outsiders attribute to poor publicity. The MSC, however, is quite happy. "We didn't want

people flooding in on Day One who we wouldn't have been able to cope with."

Criticism has also been levelled at the £1,000 requirement on the grounds that some worthy cases were being excluded while other applicants were being encouraged to stretch their resources through borrowing. Although the MSC has made no formal announcement, the rules have been changed to include those who can show proof of a £1,000 overdraft facility for use in their business.

Concern has also been voiced about the extent to which applicants are vetted for a life of self employment. The MSC says individuals must attend one compulsory seminar at a Job centre where the pitfalls are stressed and that three free counselling sessions are available with the Department of Trade and Industry's Small Firms Service. All businesses are monitored after three months and visits are subsequently paid to about 50 per cent on a more random basis.

The big test, of course, will be how many businesses survive once the £40 a week "crutch has been taken away. The MSC is still analysing evidence from those who joined the pilot scheme but preliminary estimates suggest that "only a handful have fallen by the wayside."

# Striking a new note

**REALISM.** That's the thing in the mining industry these days. Any start-up optimism that there might have been at this time last year, when full economic recovery seemed to be just around the corner, has long since evaporated. Recovery in demand and prices for metals is now expected to be a gradual affair.

A week or two ago we had Sir Alistair Frame, deputy chairman and chief executive of Rio Tinto-Zinc, doing some straight talking on the oversupply situation in copper which he thought looked like continuing for the foreseeable future. And Mr Christopher Stobart of Commodities Research Unit took a similar line. This week we have had Sir James Foots, retiring chairman of Australia's MIM Holdings, telling shareholders at the Brisbane meeting that he could see no sign of the ending of the prolonged period of low world prices for metals generally.

The trouble was, he said, that the mining industry had geared itself up in the 1960s and 1970s for economic growth rates which had just not eventuated. So there was surplus metal production capacity and this would slow any rise in prices when demand does pick up.

It might be unfair, and

unwise, to suggest that just because most observers are taking a realistic—if not gloomy—view of the outlook for metals that this is the very time when things take a turn for the better. But there has also been some hopeful news this week.

Canada's long-suffering Inco, for instance has struck a new note with a first order to supply

to provide a growing market for the group's metals and coal. But the new note which really struck a cord of surprise this week was the decision by America's Amstar to re-open its big Henderson molybdenum mine in Colorado. The property has been closed since October last year because of excessive stocks and poor prices for molybdenum.

Amstar's other two major molybdenum mines, Climax in Colorado and Kibb in British Columbia, are also closed for the same reasons as are the properties of other producers of this still industry metal. Its high heat resistance and toughness provide major uses for molybdenum in low alloy steels, stainless steels and tool steels.

In fact it was in such high demand from about 1973 to 1980 that for much of the time production lagged behind consumption and there was a rush to develop new mine capacity. The trouble was that by the time this new capacity came in the world recession hit the steel industry and molybdenum demand with it.

So after being over \$30 per lb at one time, molybdenum prices melted away and are now only about \$4 which is below the cost of production for many

mines. Amstar, however, has been running down its metal stocks for months to re-open Henderson on a "strategic" order "to sustain the expected level of sales."

Clearly the company also intends to be in a position to take swift advantage of any upturn in demand. It has said that it will re-open its Climax mine as well next year. If there is a continued decline in world stocks of molybdenum, and increases in demand from the capital goods sector,

helped by its other interests notably aluminium, coal, oil and gas, Amstar could return to profitability next year, after having been in the red during 1982 and 1983. The shares may be worth considering by those prepared to take a longer term view of earnings prospects.

Irishmen tired of looking for gold in the streets of London might be interested to learn that Canada's Anglo-United Development has found a glimmer of it back in Ireland's County Monaghan. It is in the area of the old Ombrevy mine, which was worked during World War I for its antimony.

The yellow metal has also turned up in the St. Mary's Creamery area not far away. Drilling values of this find are looking interesting, if not exciting, but will stay that way unless sufficient mineralisation is found to justify a mining operation.

**Today's Rates 10 1/4% - 11 1/4%**

**3i Term Deposits**

Deposits of £1,000-£50,000 accepted for fixed terms of 3-10 years. Interest paid gross, half-yearly. Rates for deposits received not later than 2.12.83 are fixed for the terms shown:

Term (years)	3	4	5	6	7	8	9	10
Interest %	10 1/4	11	11	11 1/4	11 1/4	11 1/4	11 1/4	11 1/4

Deposits to and further information from The Treasury, Investments in Industry Group plc, 10 Vauxhall Road, London SE11 5JL (01-928 7822 Ext. 367). Cheques payable to "Bank of England, Investments in Industry Group plc".

**3i INVESTORS IN INDUSTRY**



مكتبة من الكتب



**Every Colt comes with interest-free finance and a free 3 year unlimited mileage warranty. You won't find a better deal on the road.**

#### TYPICAL EXAMPLE

**COLT 1250 GL**  
**'On the Road' Price £4925.00**  
 (Includes delivery, plates and 12 mths RFL)  
**Minimum Deposit (20%) £985.16**  
**24 Monthly Payments £164.16**  
 (Equivalent to £37.78 per week)  
**Total Purchase Price £4925.00**  
**Saving £1108.00\***  
\*Compared to typical 14% interest rate (APR 27.9%)

Right now, you can take advantage of a fantastic offer from Colt.

With a three year unlimited mileage warranty already standard on every car in the range, including our six Turbo models, from 19th November, you can also benefit from Interest Free finance on any new Colt you buy.

That would mean a saving of £1108.00 on a Colt Mirage 1250GL if you normally paid interest at 14% — as detailed in the typical example shown\*.

And the offer applies all the way up to the 137mph Colt Starion at £12,499.

With a minimum deposit of just 20%, your present car (and just think of the winter ahead) could well cover your initial investment.

Then it's just 24 monthly payments of the balance financed.

Treat yourself to a new Colt now. With 24 models to choose from and a super hatchback range starting at just £4,100, there has never been a better time to show some interest in buying a new car.

Especially when we're prepared to pay for it.

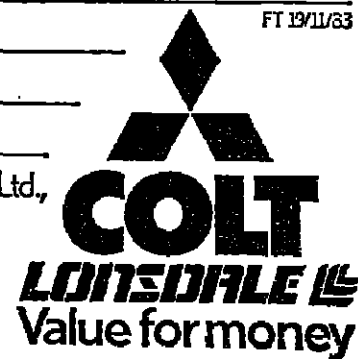
Please send me details of the Colt and Lonsdale range of cars together with the name and address of my nearest dealer.

Name \_\_\_\_\_  
 Address \_\_\_\_\_

Tel. No. \_\_\_\_\_

Present vehicle \_\_\_\_\_

To: The Colt Car Co. Ltd.,  
 Watermoor,  
 Cirencester,  
 Glos. GL7 1LF.  
 Tel: (0285) 5777.



Offer also applies to Lonsdale car range.

\*Interest free finance based on 20% minimum deposit and 24 month term. Available through participating Colt and Lonsdale Dealers who will arrange credit subject to finance house approval. Offer does not apply to Mitsubishi Commercial Vehicles. The Colt range starts at £4,100 for the Mirage 1250GL. Price correct at time of going to press includes car tax, VAT and seat belts but excludes delivery and number plates. For details of your nearest Dealer, check Yellow Pages, Thomson Local Directories or send the coupon to: Colt Car Co. Ltd., Watermoor, Cirencester, Glos. GL7 1LF. Tel: Cirencester (0285) 5777. Offer applies from 15th November 1993 to 31st January 1994.







ENCASED INVESTMENT diamonds... or pieces of paper to represent them may not always be a suitable substitute for diamond jewellery as a Christmas gift. But since the collapse of the diamond market and the massive losses suffered by many inexperienced investors, a variety of new schemes have been developed which aim to give investors greater protection and to guarantee them a way of cashing in their investments without paying a large penalty.

● Balance Gemstones, a New York firm, launched a scheme earlier this year which allows you to buy diamonds, rubies, sapphires and emeralds of investment quality with a guaran-

tee that you can sell them back at the purchase price (in dollar terms) six years later. You also have a 10-day period to check the value of your sealed-in plastic gem, when you can return it and get your money back. The scheme is registered with the powerful U.S. securities watchdog, the Securities and Exchange Commission. And if the company goes into liquidation, the buy-back guarantee is underwritten by the U.S. insurance company St Paul Fire and Marine.

● The prospectus for a riskier

## NEW WAYS OF BUYING INTO GEMS

development is due to be issued in the UK on Monday by the Adamas Diamond Corporation. Investors are offered the chance to buy preference shares in the company which can be sold back at any time. The minimum investment is \$5,000.

The company is registered in Panama, administered in Switzerland, with its stones kept in New York and has nine dealers in London, Antwerp, New York, South Africa and Hong Kong. There is no insurance against insolvency.

The portfolio of stones of

low and high quality will be actively traded and any profits (or losses) will be reflected in the rise (or fall) of the share price, which will be quoted monthly.

● The Real Diamond Company of Antwerp is to launch a scheme in four months. This will allow investors to buy and hold diamonds (sealed in containers) and sell them back at any time. A clearing bank is expected to be among the agents in the UK.

Only higher quality diamonds will be offered at an average

price of about \$3,000 per selection of stones. The spread between buying and selling prices, which will appear on Reuter screens, will start at 8 to 10 per cent but is expected to fall within the first 18 months.

● A longer-standing fund, launched before the recent slump, is the single-premium Richmond Diamond Bond managed by the Richmond Isle of Man insurance company with the Hong Kong and Shanghai Bank's Jersey subsidiary as trustees. The fund retains

about 20 to 25 per cent in cash but invests the rest in high quality diamonds bought in Antwerp.

The investment can be cashed in once a week and there is a 5 to 6 per cent spread between buying and selling prices. Note that offshore insurance companies are now subject to unfavourable tax treatment (see page 6).

Addresses: Balance Gemstones, 551 Fifth Avenue, New York, N.Y. 10176, U.S. Adamas Diamond Corporation, 15 Queen Square, Bath, Avon. Real Diamond Company, Vestingstraat 59/63, Antwerp, Belgium. Richmond Life Assurance, 4 Hill Street, Douglas, Isle of Man.

## Diamonds begin to regain their investment sparkle

THE PALE-FACED Hasidic Jews in long black coats who were negotiating prices excitedly in a small circle on London's Hatton Garden looked up furtively.

A younger, bearded man spoke. "Yes, we're all diamond brokers, but we're not concerned with investment," he said defensively. "If you buy a diamond, you buy it because you think it's beautiful, whether the price'll go down or up."

Gerald Smookler, president of the Diamond Bourse explained the source of their anxiety. "Diamonds have received a lot of adverse publicity in the last few years. And it's the investment side of the business which is mainly to blame."

Some of the criticisms have proved ill-founded. The critics predicted that De Beers central Selling Organisation, the South African cartel that controls more than 85 per cent of the world's supply of uncut diamonds, was losing its 50-year-old iron grip on the market—and that instability and a massive glut of stones would result.

The detractors also forecast that prices which slumped dramatically between 1980 and 1982 would be further depressed

by the appearance of synthetic diamonds of gemstone quality.

But De Beers cut its dividend, bought up the surplus stocks and brought the cartel-busters to heel. Meanwhile the technological obstacles to reducing the costs of growing artificially diamonds of gem quality have postponed the threat to the value of natural diamonds, until the next decade at the earliest.

Although the monopoly power of De Beers has sustained the buoyancy of the small lower quality stones used in jewellery, the larger, pear-shaped and colourless (bright/white) stones have yet to enjoy a recovery in their dollar price since the 1980-82 slump (see graph). Thus, ironically, the larger and rarer stones, the only ones normally considered suitable for investment, have in fact proved a worse investment than their smaller brethren.

The upsurge in diamond prices from 1977 to 1980 began with speculative buying and stock-building by the cutters and polishers of Tel Aviv, who were granted easy credit by the banks.

But private investors, anxiously seeking an inflation hedge, provided most of the later fuel.

Particularly in the U.S., demand was increased by teams of aggressive telephone salesmen. Investors, who were given buy-back guarantees, discovered they had paid inflated prices to salesmen who subsequently wound up their companies and vanished.

Investment in diamonds, which had been running at over \$1bn a year, virtually dried up amid a flood of recommitments.

But the present depressed prices must provide a temptation to all who follow a contrarian investment philosophy. In inflation-adjusted terms, prices for top-quality diamonds are close to their lowest for 10 years. In the longer term, the rarest stones have nearly always given their owners handsome returns.

The 3.106-carat Cullinan stone, the world's largest, was valued at £150,000 in 1907. Today its value is estimated to be \$40m, according to Carl Pearson of the Economist Intelligence Unit.

But there are two major pitfalls for the diamond investor. One is the difficulty of valuing a stone. While the process is not as subjective as valuing a painting or antique, diamonds

are not as standardised as, say, bars of gold or platinum.

The weight and the quality of the cut of the stone can usually be determined without controversy. The problems arise in deciding what flaws the stone has, their importance, and how pure the whiteness of the stone is. Even with the latest light measurement equipment, the Hatton Garden dealers prefer to hold a stone up to the daylight and haggle over its virtues and vices, before fixing a price.

"Relying on certificates from diamond laboratories and price lists can be dangerous for those with no experience in the trade," says Smookler.

The other major pitfall arises from the commissions earned every time a diamond changes hands along the marketing chain starting from the "sights" organised by De Beers ten times a year in London for a tightly restricted clientele of about 300 dealers and finishing at the jeweller's shop. In fact if you buy a mounted stone from a jeweller you are unlikely to make any sort of profit before the end of the century as the combined mark-ups will probably amount to between

500 and 1,000 per cent over the "sight" price for the rough stone.

As by far the largest mark-up is taken by the retailer, after mounting the stones, investors ought to buy only loose stones wholesale. The minimum realistic investment is £5,000 to £10,000. Ideally, the stones should be bought from an experienced dealer you can trust.

But for the majority lacking such a contact, Mat Haruni, a dealer at Emda International just off Hatton Garden, makes an alternative suggestion. "Ask one dealer to make you up a packet of a few stones. But before you agree to buy it, get him to let you take it to other dealers, and ask them for a valuation. Don't tell them whether you want to sell or to buy stones of similar quality."

By this means or by using one of the new investment schemes (see box), the spread between buying and sell-back prices can be limited to 10 per cent or even less. This excludes VAT which can be avoided by arranging to purchase and hold the diamonds offshore.

But there are other risks to the value of a diamond investment. The world's stock of dia-

monds is continuing to grow, and there are also doubts about future demand, in view of the trend among the wealthy, the only potential purchasers of the larger stones, towards more discreetness in their displays of wealth.

However, the marketing clout of De Beers should not be underestimated. After promoting the diamond as a symbol of eternal love in the U.S. since the late 30s, De Beers has in the last 20 years achieved similar successes in Japan, Scandinavia, and the Arab world. A royal wedding in one of the Gulf states has a perceptible effect on the prices of the larger diamonds.

De Beers is now turning its attention to the male market and to shifting the larger stones of more than one carat.

But vanity aside, the chief allure of top quality diamonds over the last 50 years has been that they are the most universally acceptable and easily transportable form of wealth (gold is much heavier). They can always be hidden from the prying eyes of oppressive regimes—and tax and customs officials.

Clive Wolman

## A Roll-Up Alternative

### Capital Gains

Barlow Clowes have introduced PORTFOLIO 28 as a Jersey-based alternative for roll-up fund investors. This is what PORTFOLIO 28 offers:

- \* Security—your Portfolio will always be in a British Government Stock or cash.
- \* A high guaranteed return, stated in advance.
- \* The return can be tax-free, without using artificial devices such as "bondwashing" or "dividend stripping."
- \* Concise monthly statements.
- \* Option to take a monthly income.
- \* Open ended—withdrawals at any time within 2 working days.

For details, complete and return the coupon without delay.

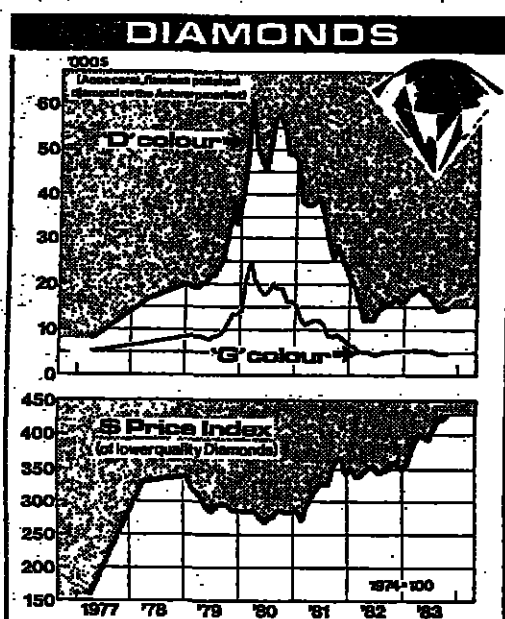
Barlow Clowes & Partners  
Gift Edged Specialists

The Barlow Clowes & Partners, 39 Don Street, St. Helier, Jersey, Channel Islands. Telephone: 0534 71281. Please send me details of PORTFOLIO 28 without obligation.

Name \_\_\_\_\_  
Address \_\_\_\_\_



Bargaining over a girl's best friend



### INVESTING IN RETIREMENT

## Advice you need to ask for

BEFORE APPROACHING a financial adviser, some self-help is called for. It's best to be aware of the drawbacks to your existing portfolio and to know what you are aiming for. That way, you can use the adviser's services to maximum advantage to bridge any gap.

As the case studies in the series have shown, there are a number of warning signals when an individual's investments are badly in need of reorganisation. It may simply be that the situation has not been revised in a number of years, during which time circumstances have changed. Many older investors have all their capital in one type of investment, or even in one or two shares or gilts.

Those coming up to retirement should look at the possibility of a personal pension plan if they have eligible income, and avoid locking up capital—in a building society term share, for instance—which they may want

CHRISTINE STOPP concludes her series with a list of points to watch for in an investment portfolio

to redeploy later. Bearing all this in mind, there are many questions to ask an adviser at your first visit. The checklist attached gives the most obvious ones. If you want more information on the investments available, there are a number of relevant books. One is Rosemary Burr's *Your Taxes and Savings in Retirement* (Age Concern, £1), a no-nonsense run-through of the basic information. Edward Eves' *Money and Your Retirement* is also to the point, and offers clear examples, though spoilt by poor cartoons (£1.50 from Choice Publications, Retirement Information

Bureau, 2nd Floor, Whitehall, London Road, East Grinstead, Sussex, RH19 1AW). Birmingham insurance brokers B. G. Eales have produced a booklet *Investing for Income* which packs a lot of useful information into 24 pages. It is available from them at Crosby House, 15, Greenfield Crescent, Edgbaston, Birmingham, B15 3AH (enclose 50p postal order).

### CHECKLIST

- Questions to ask an adviser
- 1 What products and services do you specialise in?
  - 2 Can you advise on tax and investment and manage investments?
  - 3 What charges are involved?
  - 4 What is the estimated tax, income and growth on the portfolio suggested?
  - 5 What proportion of the portfolio can be readily realised, and how much of it is tied up? How long is non-liquid capital tied up for?
  - 6 Where insurance is concerned, can I see more than one example of the product suggested?
  - 7 What level of risk is attached to each investment? In particular, how much will the real value to the assets be eroded by high inflation?
  - 8 Are any of the investments likely to be affected by future anti-tax avoidance legislation?
  - 9 What will the suggested portfolio look like in, say, five years' time?
  - 10 What will happen to these investments in the event of my or my spouse's death?
  - 11 What safeguards can you give on the segregation of client funds from your company's own funds?
  - 12 Are any of the products specially designed for or managed by your company? If so, how do they differ from what is generally available, and how would they be affected if you went bankrupt?
  - 13 What connection do you have with the companies whose products you recommend? What commissions will you receive?
  - 14 How frequently will you contact me once the portfolio has been set up, and how often will you give valuations, comment and advice?

"With my retirement in mind de Zoete & Bevan have been very helpful in planning for the future"



It was the scope of de Zoete & Bevan's market appraisal which made me decide to give them my portfolio to manage. And the fact that they've been in business for nearly 200 years. If you've got a portfolio of £30,000 or more and are looking for a stockbroker to help you, or want someone to give you continuous and up-to-date advice, you'd do well to get in touch with de Zoete & Bevan.

I'd like to know more about your Private Client Services. Please send me your introductory booklet.

Name \_\_\_\_\_  
Address \_\_\_\_\_

de Zoete & Bevan  
25 Finsbury Circus, London EC2M 7EE. 01-588 4141  
Members of The Stock Exchange



# MORE INTEREST MORE CHOICE and 'No-Notice' withdrawals

Increased rates of interest on Bonus Accounts and a new Capital Bond—all with monthly interest. Withdrawals are easier too.

**BONUS ACCOUNTS**  
8.25% = 11.79%  
1% extra\*

**SUPER BONUS ACCOUNTS**  
8.50% = 12.14%  
1¼% extra\*

**CAPITAL BONDS**  
21st issue  
8.75% = 12.50%  
1½% extra\*  
guaranteed 3 years

All these new high-interest accounts pay good interest over and above our Share Account rate, and offer excellent flexibility for managing savings of £500 or more. If you need your money in a hurry you can withdraw all or part of it without notice. You lose interest only on the sum withdrawn. Alternatively, if you can plan withdrawals ahead, you lose no interest at all. The number of days' notice needed or number

of days' interest lost is: Capital Bonds 90 days', Super Bonus Accounts 60 days', Bonus Accounts only 28 days'.

### MONTHLY INCOME

On all these accounts, Nationwide give you the choice of having your interest paid either monthly or half-yearly. Interest can be paid directly into a Nationwide Share Account, from which you can withdraw it as you wish, or into your bank account. Monthly income is available on Capital Bonds with £500 or more and Bonus Accounts with over £3,000.

Alternatively, you can leave the interest to accumulate and itself earn interest at the full extra interest rate. So, for example, Capital Bond interest of 8.75% compounds to an annual rate of 8.94%, which is worth 12.77% to basic rate income tax payers.

\* Basic rate Income Tax paid. † Gross to Income Tax Payers. ‡ Over variable Share Account rate.



## It pays to decide Nationwide

There are over 1,300 Nationwide branches and agency branches, almost all open on Saturday mornings. Come in and see us, or write to Nationwide, FREEPOST, London, WC1V 6XA.









# Exit Flashman, enter Blood

BY NICHOLAS BEST

## The Pirates

by George MacDonald Fraser.  
Collins, £9.95, 413 pages

## Man of War

by John Masters, Michael  
Joseph, £8.95, 314 pages

## The Dark Fantastic

by Stanley Ellis, André  
Deutsch, £5.95, 303 pages

It is no secret, surely, that George MacDonald Fraser is becoming a little bored with Flashman. Fifteen years now since the first of the series came out, and more and more in recent times they have given the impression of being written on auto-pilot. So what better time to welcome a new horse from the same stable, Colonel (cashiered) Thomas Blood, the hero in all but name of his latest novel *The Pirates*?

Blood of course is a genuine historical figure—he of the Crown Jewels—a rascal Irishman whose life and somewhat chequered career would defy the imagination of any but the most skilful of novelists. In Mr Fraser's hands he is immediately recognisable as an old friend. He lies, cheats, womanises (though without Flashman's success), runs away when he can, fights dirty when he can't. He is a cad, a brawler and a rogue, shunned in polite society and shunned out of it too. He is everything Flashy was, and then some.

There is more to this story than Blood, much more, for the author is concerned with pirates, and Hollywood pirates in particular. He is writing pastiche. He has taken every cinematic cliché of the past 50 years and lovingly worked it into the narrative, from a crew

of seamen who learned their trade at the Jeffrey Farnol School of Historical Dialect to a gang of wenching roisters in the back room of the Red-Headed Lounge, to good-looking Captain Avery, the young Errol Flynn, only more so, with a dash of Power and Redford thrown in; the answer to a maiden's prayer and, between ourselves, rather a pain in the neck.

A pain he may be, but Avery is loved by the admiral's daughter, Miss Cheltenham 1670. She in turn is pursued by Akbar the Damned, "his gold lame jeans stretched to the limit," his galley slaves hoarsely chanting "Well rowed, Balliol!" (a bit over the top there, and elsewhere too). And so on, in a plot that is wonderfully absurd, but no more so than the movies that have been the author's inspiration—*The Sea Hawk*, *The Black Swan*, *Treasure Island*, *Drake of England*, anything by Sabatini.

It is all there, right down to a dead man's chest, cleavages that are everything they ought to be, and characters in sea boots who say nothing but "Arr!" "Zounds!" or "Ye Hearty." Mr Fraser cheerfully mixes in modern dialogue with Restoration comedy, beautifully sending up a whole raft of Hollywood costume dramas that millions mourned in passing. For all that he writes tongue in cheek, his kind of humour is very difficult to bring off, as difficult in its way as the heavier—and often duller—stuff that goes up for the Booker prize.

Sad that John Masters died soon after completing *Man of War*. Sad because this was clearly intended to be the first of two or maybe even three novels chronicling the career of Bill Miller, a newly commis-

sioned ranker at the end of the First World War whose military prospects begin to look up only at the onset of the Second. In the heady days leading up to Dunkirk he takes command of his battalion at gunpoint, relieving a sworn enemy of his post and rising from major to brigadier in the process. All the years of study, the grim peace-



George MacDonald Fraser: a bold new hero

time years of disagreeing with his superiors at Staff College are beginning to pay off. His finest hour is about to come.

The parallels with Lord Montgomery's career are obvious. It is part of the author's skill that Miller comes across as an unlikely man, a dour, humour-

less character who prefers to shut himself up with the latest book on tank warfare while others are out pig-sticking. When his sworn enemy's wife offers herself to him, he responds by clenching his teeth and going off to Spain to fight on Franco's side and learn how the Germans operate. He sticks out like a sore thumb in the mess, but he is a fine patriot and a dedicated, independent-minded soldier.

All the author's talents are on display in this, his last book—and all his weaknesses too. There are too many flashbacks, too many chapters beginning "It was early 1928 and the battalion was stationed in Plymouth," too many dramatic setpieces that never quite come alive. But his knowledge of soldiering is unrivalled as always, and the events leading up to the British army's disintegration at Dunkirk are very cleverly done.

Stanley Ellis's *The Dark Fantastic* is an intriguing suspense story constructed around an old white lunatic living in Brooklyn in an apartment surrounded by blacks. Charles Witter Kirwan—a descendant of the Dutch settlers who originally acquired the land around Witter Street—is a retired history professor dying of cancer. Angered by his college's policy of admitting blacks without formal qualifications, he gets it into his head that the thing to do is to blow up the apartment building, killing at least 60 of them in the process and himself as well.

His path is crossed by a private investigator on the trail of stolen paintings. Kirwan suspects he is after stolen dynamite. The dénouement—in this nicely crafted, well written book—is worth waiting for.



The Kennedy clan celebrates Jack's Presidential victory—from Jacques Lowe's book reviewed below

## Fallen idol

BY ANTHONY CURTIS

**One Brief Shining Moment: Remembering Kennedy**  
by William Manchester.  
Michael Joseph, £14.95, 280 pages

**Kennedy: A Time Remembered**  
by Jacques Lowe, £20. Quartet, 272 pages

It is 20 years since Dallas and the Kennedy legend has by now well and truly entered the coffee-table domain, as these two latest titles testify.

William Manchester knew Kennedy when they both emerged in 1946 from combat duties in world war two. He remained a close friend until the assassination. He is the author of *Portrait of a President*, *Death of a President*. But Mr Manchester kept an anecdote or two back and now he lets them go in this readable, heavily illustrated album. The title—*One Brief Shining Moment*—comes from the musical *Camelot* whose full cast recording with Burton as King Arthur Kennedy would play, over and over again, on the stereo in his bedroom. It makes one wonder what he made of some of the other songs in the

show such as "Fire on goodness, Fire," and "How to handle a woman."

Stylistically one of the odd aspects of the book is the author's way of referring to himself when describing scenes when he was present as "you."

"If Jack took you on one of those tours which gave him so much pleasure (of the White House) in the closing weeks of that winter, you left with some grasp of what life there must be like." In spite of this, the narrative, a very human, not always admirable, main figure emerges. Mr Manchester's blow-by-blow prose conveys a whiff still of the excitement of those years.

*Kennedy: A Time Remembered*, by contrast, basically a photographic archive by the President's official photographer, with a text printed alongside in the form of a series of extended captions. Some of these black-and-white stills are wonderfully sharp. The record continues after the death of Jack well into the era of Bobby. The two volumes will serve the ordinary reader with an adequate record of the basic facts and remain with him long after the images from the television screen have faded.

## Iron bars

BY BRIDGET BLOOM

**Prison Diary, Argentina**  
by Simon Winchester. Chatto & Windus, The Hogarth Press, £9.50 (paperback £3.50), 219 pages

To be detained by the police of a foreign faraway country simply because you are doing your job is one of the most unpleasant experiences of any journalist's life. The knock on the hotel door, whether with knuckles or rifle butt, the curt demand to accompany a surly official as you land at some desolate airport or the slow softening up by plain clothes police following and photographing you before the final pounce, which ever way it comes, it's nasty and frightening and demeaning all at once.

In 20 years of journalism, most of it in Africa, I have been detained four times, all mercifully, for short periods. Simon Winchester's detention was for considerably longer: in Argentina for the Sunday Times, he and Ian Mather and Tony Prime of the Observer spent 77 days in jail in Ushuaia—a remote town in southern Argentina—the whole of the time the Falklands campaign lasted, and a bit more.

One has every sympathy with the three men: they were hop-

ping to cover the conflict; instead, they were arrested and spent a miserable and often alarming time far from their job and offices, their homes and families.

Winchester chronicles how they got on each others' nerves, hoped and plotted for release, read books, listened to Falklands news on the BBC world service, received letters from home... and from ordinary Britons, "students, housewives, elderly ladies, civil servants, dog-breeders, several vicars, innkeepers, gardeners." They all (says Winchester) "took the time and trouble to sit down and, for page after page, write words of sympathy and friendship to three men quite unknown to them."

This showed, Winchester says, "an essential goodness in our [British] community"—and maybe it does.

But does it justify a book which neither adds to general knowledge or appreciation of the Falklands affair nor to what one may perhaps be forgiven for terming "prison literature"? In my judgement the answer must be "no." Sometimes what happens to a journalist outside the job he is paid to do is of general interest, but not often.

## Convent girl

BY SARAH PRESTON

**As Once in May**

by Antonia White, edited by Susan Chitty. Virago, £10.95, 240 pages

They say that most first novels have an autobiographical element. Almost everything Antonia White wrote, including two beginnings of an unfinished novel and some short stories included here, was based in documentary detail on her troubled life.

As a consequence these pieces and the fragments of her actual autobiography which her daughter Susan Chitty has assembled in this book bring no surprises. The Catholic convent, her dominant father (the classicist Cecil Botting), her aunts in Sussex, the advertising agency where she met Tom Hopkinson the second man she married, and even her period in a mental hospital, are pain-

fully brought to life again. The pick of the book is her essay "A Child of the Five Wounds" reprinted from the anthology of school memoirs, *The Old School*, 1934, the year after she had first incarnated those experiences in *Frost in May*.

The autobiography spans only her earliest years. There are certainly some new details about her precocious childhood, seen through the prism of the Freudian analysis she underwent later in life. Particularly touching and funny is her relationship with the beautiful Gerard who asked her to marry him when he was seven and she was four. They remained, in secret, Mr and Mrs John Barker of Kensington for years. But the essential enigma raised by this posthumous draft is why a child who lived in a fantasy world grew up to be a novelist who never invented.

## Grim and Gallic

BY GAY FIRTH

**The Fetishist and Other Stories**

by Michel Tournier, translated by Barbara Wright. Collins, £8.95, 220 pages

Michel Tournier is an author to confound with in English nearly as readily as in French. His novels win the most prestigious literary prizes—*Friday*, his first, received the Grand Prix du Roman from the French Academy; *Erl King* took the 1970 Prix Goncourt. They are translated into English almost at once. Unusually in these islands, where we look sideways at "foreign" novels in suspicion bred of the belief that they are likely to be more "difficult" than literary fiction originating in our own tongue, his dark, disturbing stories have a following.

They deserve it. But they are demanding, and they remain very French, even in translations apparently smooth, elegant and easy on English eyes. This collection of 14 short stories—some very short indeed, others up to 40 pages in length—reflects the powerfully subversive characteristics of contemporary French fiction in general, M Tournier's in particular.

He picks apart ancient themes, putting them together again at acute angles. He takes fanciful grotesqueries from children's fairy tales and twists them into alarming adult realities. These stories are a damnable, morbid, spotlit, surrealism; funny, but not fun. Spiralling into his characters' obsessions, M Tournier's own preferred preoccupations are by no means everybody's preferred bedtime reading, even in France.

"There's nothing more ridiculous, in my opinion, than the new form of prudery that is shocked by death and by the dead. The dead are everywhere—starting with art."

"The Adam Family" is a convincing re-creation of the Genesis account: opposing natures built into human beings from their



Michel Tournier: lit and myth

origins; conflict between our restlessness and our need for relaxation. (The restless, it seems, can exhaust even God.) "Robinson Crusoe" now restored to society, pines for his desert island, but keeps missing it in his search, unable to recognise terrain which has aged as he himself has aged. "Tom Thumb" wears dream boots in his 23rd floor apartment in the Mercury Tower, seeking escape from a Paris blighted by development, into a Paradise of living trees.

Dwarfs, ogres and woodcutters people a world of transformation, scenes set in new perceptions. Images and counter-images of sexuality, illusions and delusions of modern life, spin like coloured balls in the hands of a juggler. "Prickly," a little boy frightened and disgusted by the idea of becoming a man, is a story which will not be read twice: not even M Tournier's magical description of a child's perspective can soften this mutilating story. "The Fetishist" last in the sequence, is an exorcism whose aim is attachment to trills and fountains finally condemns him to a madhouse. "And then there was the business of Madame de la Franchise's bra, which wrecked everything."

It is a mad world, my masters; made madder by man's failure to recognise what is mad and what is not. M Tournier makes us think about that. He has a fascinating box of conjuring tricks.

## Missing lira

BY DUNCAN CAMPBELL-SMITH

**The Calvi Affair**

Death of a Banker  
by Larry Gurwin. Macmillan, £5.95, 249 pages

It must surely rank as one of the greatest frauds in modern history: between 1974 and 1982, the biggest private bank in Italy siphoned several hundred million dollars out of the network of international banks conveniently known as the Euromarket. It was a fraud because the money was handed over, with scarcely a question asked, on the presumption that Banco Ambrosiano would use it in the furtherance of its normal banking business. This, alas, was never its real intention.

Instead, the money was spent on constructing—and later, attempts to shore up—a clandestine alliance between Banco Ambrosiano and the financial authorities of the Vatican. The story of this alliance and its nefarious connections is the real subject of this latest book on Roberto Calvi, the chairman of Banco Ambrosiano, found dead under Blackfriars Bridge in June 1982.

Calvi welcomed the alliance as a means of consolidating his own personal power over the bank as well as a unique power base for its future expansion. The Vatican appears to have seen Banco Ambrosiano as the indispensable public tool of its private machinations. The two sides were brought together between 1969 and 1971 by a third party: that quintessentially Italian underworld of freemasonry and mafiosi, which stood to gain by playing the bankers off against the priests to its own advantage.

All three parties prospered through the 1970s from an alliance cemented rather than undermined by the collapse in 1974 of Michele Sindona, the Vatican's erstwhile chief financial operator. But two basic weaknesses were always likely to cause the whole elaborate setup to disintegrate.

Ambrosiano's subsidiaries bought their own shares, exported capital funds and evaded Italian taxes in scores of separate transactions. The authorities were fully aware of this, particularly after receipt in November 1978 of a damning analysis from the Bank of Italy called the Padolino Report. The alliance counter-attacked fiercely in 1978, but judicial pressure built up remorselessly—putting intolerable strain on Calvi at the centre.

lar began its rapid appreciation against all other currencies in October, 1979.

The clock ran out on both counts in June 1982. In the ensuing drama, Italy itself lost many friends in the international markets, some Western banks lost a lot of money and Calvi himself lost his life. This latter tragedy, whether murder or suicide, begins to look in retrospect like the inevitable price of his years of power, a re-enactment of the Faustian legend in more ways than one.

In this absorbing account, Mr Gurwin takes a hard look at those who played Mephistopheles and Lucifer to Calvi's overweening ambition. He is less interested in the Padolino affair, for example, than the links between international intelligence agencies, the notorious P2 freemasons' lodge and the Vatican.

Against this background and drawing extensively on evidence from Calvi's own family and details of the banker's last days, he leaves the reader in little doubt that Calvi was murdered—a conclusion already drawn publicly by some members of the coroner's jury which returned an open verdict last June. As Calvi's son is quoted saying, in one of the book's very few understatements, "Unfortunately, Papa went around with strange types."

What would you like this Christmas?

**SNOW**  
Of course!

Lord Lambton's  
**SNOW**

...the opportunity to "The Times" ...  
...the opportunity to "The Times" ...  
...the opportunity to "The Times" ...

**SNOW**

...the opportunity to "The Times" ...  
...the opportunity to "The Times" ...  
...the opportunity to "The Times" ...

**SNOW**

...the opportunity to "The Times" ...  
...the opportunity to "The Times" ...  
...the opportunity to "The Times" ...

## From the pavilion end

BY TREVOR BAILEY

Books on sport proliferate and in spite of the rival claims of the television-set still attract readers. Lord's by Geoffrey Moorhouse (Hodder and Stoughton, £9.95, 256 pages) is a meticulously researched investigation into cricket's headquarters and the most important club housed there. Geoffrey Moorhouse was given both access to the archives and assistance from the MCC. This has enabled him to explain the

position, and the development of the four autonomous, frequently acrimonious tenants at Lord's, the TCCB, NCA, Cricket Council and the Middlesex CCC. It says much for his skill as a writer that he is able to make this so readable. The most interesting sections deal with how an autocratic organisation with the highest standards is coping in a modern world without them.

As I Said at the Time (Collins, £14.95, 560 pages) is a bumper anthology composed of

the writings of E. W. Swanton. These have been carefully selected by George Plimpton, "Jim" Swanton is an outstanding cricket correspondent, at his best when he describes what happened rather than what he felt should have happened. His book covers a wide variety of cricketing subjects, and is of special interest for anybody who has followed first-class cricket since the war. Another readable collection *A Word from Arlott* (Pelham

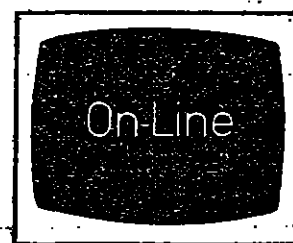
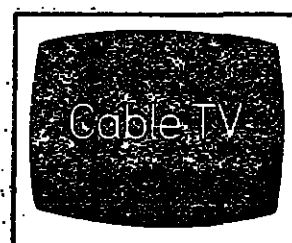
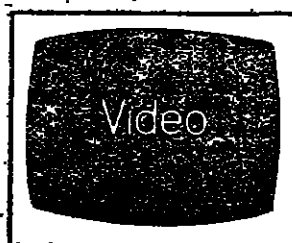
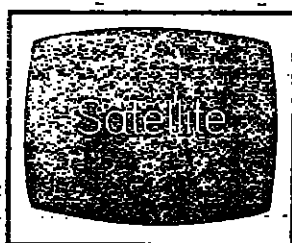
Books, £9.95, 240 pages) consists of a chronological collection put together by David Rayvern Allen of John Arlott's broadcasts, commentaries and other writings. Although mainly on cricket, these also cover various other subjects. Arlott is the best painter of instant pictures with words I have ever encountered. Although this is apparent in the book, cold print cannot, alas, capture the unmistakable, much imitated Hampshire voice.

## FINANCIAL TIMES KEY ISSUE BRIEFS

5 comprehensive digests providing commentary and analysis covering these major growth areas.

Each report gives essential background information and insight into the rapidly expanding field of electronic communications.

Market size & trends + Advertising revenue potential + Forecasts + Programming + Statistics  
+ Company activity + Regulations + Reports & research.



### 5 titles for the price of 4

Each report is available individually for just £25.75 (£27.00 Overseas).

Use the order form to place your order indicating which titles you require.

REMEMBER if you order all FIVE titles you will only be charged for four (£103 UK & Europe, £108 Overseas).

CONCESSIONARY OFFER TO PREVIOUS PURCHASERS OF CABLE TV

If you have already purchased a copy of 'Cable TV' just tick the box on the order form and you will be entitled to the remaining four titles for the price of three.

**Special Offer**

### FT KEY ISSUE BRIEFS—ORDER FORM

Please send me the following titles in the Key Issue Briefs series (tick appropriate boxes)

- ☐ Cable TV\*  
☐ Satellite  
☐ Teletext & Videotex  
☐ Video  
☐ On-line

☐ I have already purchased 'Cable TV' and wish to pay the other 4 titles for the price of 3.

\*Overseas orders include air-speed delivery.

Total reports ordered (please enter number)

Remittance enclosed £ (please refer to price schedule above)

ALL ORDERS MUST BE ACCOMPANIED BY PAYMENT PLEASE

Cheques payable 'McCarthy Information Ltd'

(BLOCK CAPITALS PLEASE)

Name

Position

Organisation

Address

Country

Signed

Date

Return this form, with your remittance to: McCarthy Information Ltd, Manor House, Ash Walk, Warrimster, Wilt BA12 8PY, ENGLAND.

Registered office: Financial Times, 10 Cannon Street, London EC4A 3DF  
Registered number: 1462805 (England)



## Why they are going to Goa

WHEN Mrs Thatcher sweeps her way from Goa's Dabolim airport she might spare a thought for local drivers. They are, I was assured with knowing Goa winks, finding it difficult to adjust to driving on the smooth metalled roads which the Indian Government has been feverishly laying during recent weeks. "Don't worry," says the local joke. "When the dignitaries have gone, the potholes will come back and we can return to normal."

Goa, you see, has been favoured as the retreat for the Commonwealth Heads of Government after they have finished their business session in Delhi in a little over one week's time. For those who know and love this magical little corner of the sub-continent it is a bit like the local restaurant getting a Michelin rosette as a friend you are proud as a customer you hate the rush that the headlines are bound to produce.

Mr and Mrs T will be staying in a small cottage on a hillside above Fort Aguada. It is one of 27 such properties which the fast growing Taj hotel group has recently been building and has a remarkable view of one of the world's most spectacular beaches—miles after miles of almost deserted white sands with tall palm trees dipping towards the ocean. If Mrs T is a keen bather she will, however, find the trip to the sea a healthy walk, because the cottages are loftily placed, perfect for the view and security, but not ideal for a quick pre-breakfast dip.

It is going to be a nice piece of diplomatic testing for the Indian Government to decide just which head of government gets which cottage. In theory, again for security reasons, it will be almost a lottery. But the cottages are built on terraces, and which PM wants to be looked down upon, by another?

Fort Aguada could hardly be said to be an elegant retreat. Originally a Portuguese fortification it has the sea on three sides and forest on the fourth. The route to the outside is either by helicopter, boat—but the sea is too rough for several

months of the year—or a narrow lane. It is called Aguada because it has its own water supply—don't worry, Mrs T, the old wells are not enough for a modern hotel so more is piped in and there is an ample stock of bottled stuff for tender British tummies.

The cottages are the third, and most elegant, phase of the Aguada development. Taj also has a resort hotel and a holiday village which is right on the beach. The village is much used by Indian honeymooners and has simple villas dotted among the trees. You are closer to the beach there, but there is no air conditioning and the restaurant, which is virtually open air, has its menu written daily on a blackboard. If the premises could escape from the exotica of the hillside I would recommend an evening under the stars down in the village complex. The pork vindaloo, a local delicacy, is splendid but perhaps a little vinegary for Downing Street tastes.

The thought of pork in India might seem odd, but Goa has, of course, a long, if painful, Roman Catholic tradition. The locals learned their religion and thus some of their eating habits under the stringent discipline of the Inquisition. Thus pigs abound and even beef can be found on menus. In fact, wandering the lanes of Goa is at times more like being in the Caribbean than India. Here is a land of little wooden houses set among trees, each with its own fruitful patch with bananas growing on the trees, and pigs, chickens and dogs scratching away the day amid the dust and undergrowth.

I bet Mr and Mrs T will make the journey to Fort Aguada by helicopter. In this fashion it is a brief but spectacular journey over a rugged coastline which will help to demonstrate how the Portuguese managed to cling on to the region for so long. Such a trip will rob the Thatchers, however, of a lengthy but intriguing road journey which until this month sometimes took two hours, so tortuous and narrow was the route, so bad the road and so ancient the transport. Now the road has



A Goa boatman: the country is at times more like being in the Caribbean than in India.

been widened (and a few local residents who lost age-old front porches in the process are less than pleased), the surface smoothed and new air conditioned coaches have been bought for tourists. That's progress.

Another bit of progress is the installation of a new Plessey electronic rural telephone exchange which a few weeks ago was in boxes which I could only admire enviously.

### TRAVEL

ARTHUR SANDLES

while trying to use the old system for my conversations with the FT. The speculation is that once the heads of government go, so will the Plessey magic boxes. Perhaps one of the nice heads of government will pay for it to stay there.

While on the subject of communication I would urge Mr and Mrs T to take their shortwave radio with them. Reception of BBC World Service is reasonable, particularly around breakfast time. In that part of the world, however, the dial is dotted with powerful Russian stations beaming their message south—from the mountains of Afghanistan one assumes—and since Radio Moscow is these days a copycat in presentation of World Service there can be confusion. Such difficulties are,

however, but brief. Radio Moscow has yet to come up with an ersatz Just a Minute, or Lord Peter Whimsey.

The Prime Ministerial visit will be brief, and dotted with official, if relaxed, functions. If she and Mr T could get away for a few hours, however, they would find it worthwhile. Goa is an extraordinary mix of Indian and Portuguese cultures and architectures set in a gentle, fertile enclave on the shores of the Arabian sea.

It is about 250 miles south of Bombay, the route by which most overseas visitors approach. From there or from Delhi the difference between Goa and surrounding India is apparent and striking as the aircraft flies in low on its approach. After the brown stretches of the rest of the land, Goa springs up as green, cool and welcoming.

Velha Goa, with its old Portuguese churches and sleepy atmosphere, is the centre of the former colonialists' power. Today the capital is Panaji, itself quiet by the standards of the Indian sub-continent, as worth visiting if only for the splendid colonial houses of the old rulers. Perhaps by the standards of other parts of the country the sight-seeing is not remarkable. Goa's atmosphere is more attractive than its spectacles. It is the cool vegetable to accompany the spicy meats of the rest of India's tourist cuisine: those simple pastels washed down, with their

tempting porches and lush gardens. Goa is clearly a land where life can be a somewhat less stringent nature than elsewhere in the region.

"Our problem," said one local Goa to me, "is that the land is more fertile here, the weather is better and we have not had to fight so hard. That is why outsiders (and by this he meant people from Delhi and Bombay) have found it so easy to move in and outsmart us."

It is the old carpet baggers' story again. And so, Mrs T, you go to Goa with a measure of envy on my part. After the rigours of New Delhi it is a restful retreat indeed.

PS. The local gin is OK, but take your own Scotch or wine. Don't drink the local hooch. Feni, unless you have lost your sense of smell and want to lose your sense of taste as well.

Further Information: Cox and Kings Travel, 46 Marshall Street, London, W1V 2PA, India National Tourist Office, 21 New Bond Street, London W1. British Airways has regular flights to Delhi and Bombay. Taj Hotels now has properties in London. One of them, Baiters at Courtfield Close, London, SW7 (opposite Gloucester Road underground station) will provide information about other Taj Hotels, including Goa. It also boasts one of London's best Indian restaurants, the Bombay Brasserie, as a sampler of gastronomic joys to come in India itself.

## Who are the road hogs?

### MOTURING

STUART MARSHALL

LET ME start by declaring an interest. In the early part of this year I twice drew bad numbers in the speed limit enforcement lottery.

It was 15 years and at least 300,000 miles since I had last been pinched for speeding and I have never been summoned for any other offence in more than 30 years of driving.

The policemen were courteous, even jocular, on both occasions, and I pleaded guilty by post. The penalties—£22 on the first occasion (45 mph in a 30 mph limited road with open fields on one side), £30 on the second (88 mph on a motorway standard by-pass)—were reasonable. The six penalty points on my licence mean much more than the fines.

End of story? Not really. In truth, I feel both puzzled and slightly aggrieved. And not just for myself, but on behalf of tens of thousands of other motorists like me who have been—or will be—caught by police radar.

I reckon I am a responsible and considerate motorist. My car is never untaxed. I insure it comprehensively and have it maintained in perfect condition at considerable expense. I would not have it any other way.

PS. The local gin is OK, but take your own Scotch or wine. Don't drink the local hooch. Feni, unless you have lost your sense of smell and want to lose your sense of taste as well.

Of course, one shouldn't speed. But almost everybody does at some time or other. On week-day motorways, 60-85 mph seems to be the going rate when conditions permit for a substantial minority of drivers many readers of this column I dare say among them.

Speed, we are constantly reminded, is dangerous. I take the view that speed by itself is not dangerous; only road conditions may make it so.

A Jaguar XJ-S at 120 mph is neither dangerous nor illegal on a German autobahn but at 70 mph on a British motorway that was rain-swept, foggy or overcrowded, the Jaguar (or any other car) could be very dangerous indeed.

In the same way, 30 mph can be grossly excessive in a built-up area when, say, schools are turning out.

So where do the police set up their radars—in accident spots or on stretches of road where breaking the speed limit

is clearly dangerous and irresponsible? It would be nice to think so but in my own experience, the reverse is true.

The best place for a radar to pull in plenty of victims and generate some revenue for the police authority is on a clear stretch of road. A large number of drivers will be caught exceeding the limit because there is no obvious reason—other than respect for the law—not to do so.

Is speeding a particularly heinous offence? Some police authorities appear to believe it is. It took a pair of Ford Granada pursuit cars, a Ford radar van and at least three constables to catch me one Sunday morning, breaking the limit on an almost deserted semi-motorway.

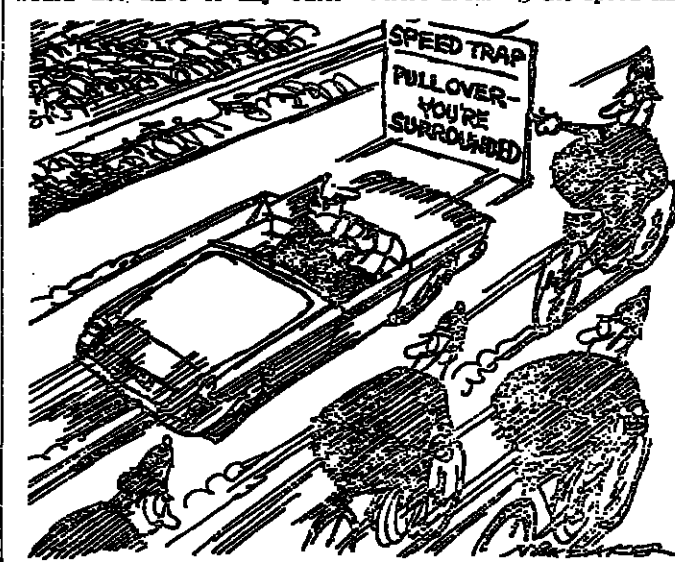
But what of enforcement of the law relating to potentially serious offences? We were recently told that at least one million cars were in use uninsured, unlicensed and not having MoT test certificates.

Being involved in a crash with an uninsured car is a desperately serious matter for the victim. In London, it is now routine for the first vehicle to arrive at a red light to keep going—I've nearly been rammed in the back more than once for stopping. Is this of no concern to the police?

Half signs, once respected, are now blatantly ignored, apparently with impunity. Many cyclists have no lights at night. Drivers still break the law by driving in fog on parking lights, or none at all. One constantly sees cars with only one headlamp working, or putting pedestrians at risk with body panels rust-rotted and as jagged as saw blades. Are these things of less importance than speeding?

It is a personal view—but might I suggest a greater concentration of police time on these offenders produce more safety benefits than taking the easy option of setting up a radar where a steady supply of no trouble, fine paying victims is assured?

Opinions, please, from both sides of the radar set.



## An ill wind on the river

ACID RAIN has been much in the news lately. In broad terms it is the result of burning large quantities of coal and oil giving off sulphur and nitrogen which are discharged into the atmosphere, become acidic and are absorbed by moisture. This contaminates the rain so that it too becomes acid. In general rain is alkaline. After heavy rain or snowmelt the rivers become acid too, resulting in the death of fish and plant life, and to some extent, it is believed, of trees.

But it is not thought that the acidity alone is fatal. Should the rain fall on land with a chalk or limestone base it will do no harm, but on granite or other non-alkaline rocks the acid action can liberate trace elements of aluminium, manganese and other minerals which are toxic, especially to ova and very young fish which haven't the resistance of mature fish.

So far in Britain there have been few known instances of this pollution; the main victims have been "in Scandinavia", Canada and West Germany. The culprits are the industrial regions of the U.S., Europe and Britain herself. Because of the prevailing southerly and westerly winds the acidity generated here is carried overseas. The pollution was recognised in Manchester more than a century ago when vegetation downwind of industrial areas was seen to be suffering. This was cured by techniques to disperse the gases high into the atmosphere and once out of sight, out of mind.

It is a bitter irony that the various measures for cleaning the air in industrial Britain recently appear to have increased the degree of rainfall acidity, not only in Europe but

more closely at home. Instances of this were given at a recent conference organised by the owner of the Two Lakes Fishery near Ramsey. He is Alex Bahrendt, the doyen of lake trout fisheries in Britain. The conference was addressed by scientists from Canada, Norway and Sweden—all experts on the subject of acid rain.

We were told about the dramatic effects of acidity in rivers and lakes in those countries. They had become dead, devoid of all life. Then

bill lods in the same area. A hundred years ago they had been noted for their fishing prospects and some had the ruins of old fishing lodges on them. The lochs were now barren of fish and the streams feeding them would not support smaller trout. Attempts had been made to rectify the problem with the use of lime but as had been found in Scandinavia and Canada, the economic costs of liming vast stretches of water put it out of reach as a mass cure.

There was less apprehension about the effects on forestry. It was pointed out that the life cycle of trees in the affected areas in Britain was about 50 years. In Germany where there is evidence of tree destruction the average age of the trees was 150 and old age could have had a part in the process. What every speaker wished to see was "action taken" where the problem originated: the power stations, industries and the internal combustion engine.

But this is much easier said than done. A spokesman for the Central Electricity Board was reported to have said on TV recently that his board could not be expected to increase power costs by 15 per cent to save "a few fish in a few lakes."

But I am becoming convinced that the present examples of acidic pollution are only the tip of an iceberg. Not only does the environment suffer, but it appears to be a cumulative process spreading to trees, buildings, farmland and so on until the whole environment becomes changed out of all recognition.

The pity is that those countries causing the worst pollution suffer the least of its damage. If the boat were on the other foot the general attitude would change.

### FISHING

JOHN CHERRINGTON

Mr Graham Gordon who has a fish farm in New Galloway in Scotland said that the increasing acidity of the river was causing him the greatest concern and loss. On one occasion after a snowmelt spate, 20,000 fish died. He thinks the problem is getting progressively worse, particularly from a south easterly wind which seems to point to pollution from Lancashire and the West Riding.

Mr Gordon's solution will be to install a device to monitor the acidity of the water entering the fish farm, which would automatically add lime to the water when the degree of acidity rises. He thinks that it would only need to operate for 20 or so days a year. But while this may be an economic solution on a fish farm it would be difficult to apply to a wider area.

A speaker then described what had happened to some

### HOLIDAYS AND TRAVEL

#### OVERSEAS

**JAPAN/KOREA**  
Tailor made tours to suit you at unbeatable prices including first class flights and hotels.

**JAPAN SERVICES TRAVEL**  
5 Warwick Street, London W1R 5BA  
Tel: 01-437 5703 Telex: 288635

#### FLIGHTS

HAWAII EXPRESS offers exclusive air fares and returns for destinations in USA, Canada, Bahamas, Cayman Islands, Australia and New Zealand. Tel: 01-437 7850, Morley House, 320, Regent Street, London, W1.

#### SRI LANKA

Vivacious. Magical. Splendourous. Tropical. Musical. Kaleidoscopic. Luscious. Refreshing. Beach-leased. Palm-fringed. Tea-covered. Serendipity.

Choose from 30 Hotels and Guest-Houses (from £453 for 11 nights) and two outstanding tours from £685.

Don't decide until you have our brochure: call 01-429 9581 (24 hrs)

#### INTERLINK

ASTA IATA

#### UK HOTELS

Spend an unforgettable weekend lavishing yourselves for a tempting £53\*

A luxurious weekend at the Hyatt Carlton Tower for just £53 per night for two. A price which includes VAT, continental breakfast and an unforgettable experience.

\*A suite will be provided subject to availability instead of a bedroom.

Hyatt Carlton Tower  
2, Cadogan Place, London SW1X 9PY  
Tel: 01-235 5411 Telex: 21944

**HYATT**  
**CARETON TOWER**

#### SELF CATERING

OWDEN MANOR, Uxley, Glou.—A special package inc. 2 types historic villas in our Medieval Cotswold hamlet. "The splendour of romance." 3-poster beds, take-away wines and food, lovely views, security, our private wooded valley. Tel: (0453) 860261.

HOLIDAYS & TRAVEL ADVERTISING APPEARS EVERY WEDNESDAY AND SATURDAY

Go round the world this winter. (Sail QE2. Fly Concorde free).

If you find yourself with 44 days and £4,395 to spare this winter, why not pop around the world?

Fly Concorde free to New York on January 15th. Join QE2's 1984 World Cruise there, then sail to the Caribbean, Honolulu, Japan, Hong Kong, Thailand. And from Singapore, fly Concorde free back to London.

Oron February 26th you could fly Concorde free to join QE2's World Cruise in Singapore and sail back to Southampton. Calling at such exciting places as Madras, the Seychelles, Durban, Egypt, Haifa, Athens and Lisbon on the way.

For full details contact Cunard at 8 Berkeley Street, London W1X 6NR, see your travel agent or call the number below.

**QUEEN ELIZABETH 2**  
THE MOST CIVILISED WAY TO TRAVEL ANYWHERE IN THE WORLD.  
01-491 3930

### MOTOR CARS

good news for fleet operators

RENTAL — IN THE CITY  
For details of the best fleet-dealing deal in the city contact: The Dealer at TRAFALGAR, 11-13, Cannon Road, ECL  
01-250 1575

WIDE EXPERIENCE IN THE EXPORTING OF NEW AND SECOND-HAND CARS

Shipping and formalities arranged throughout the world

Please ask for quotations:  
Blue Ribbon  
89 Weymouth Avenue, 7800 Parawau, BELGIUM  
Phone: Belgium 69.77.23.63  
Telex: 50041 RIBBON

### COMPANY NOTICES

NOTICE OF MEETING

A SPECIAL GENERAL MEETING of the above Society will be held at the Registered Office, 265 Park Road, Oldham OL4 1RT, on Tuesday, 6th December, 1983 at 10.00 a.m. when the following Amendments to Rules will be considered: 1. Amendment to Rule 7, 11, 25 and Paragraph 6 of both Table SA1 and Table SA1B. 2. The inclusion of an additional Rule to be numbered 27A.

By Order of the Committee of Management  
P. DUFFIELD, FCIS, Secretary.

18th November, 1983.

# Sri Lanka. Unforgettable.

Sri Lanka this winter. A tropical island at its most perfect with a thousand miles of palm-fringed beaches.

Sri Lanka this winter. So much to see and do. Buy a ruby... sip the most fragrant teas in the world... learn to scuba dive.

Sri Lanka this winter. So rich in fabulous cities, monasteries, statues from a civilisation 2,500 years old.

Sri Lanka this winter. There's a warmer welcome for you in fine modern hotels from people eager to serve you.

Sri Lanka this winter. So affordable. So unforgettably different.

Talk to your A.B.T.A. travel agent today or contact the Ceylon (Sri Lanka) Tourist Board, (Dept.F2) Suite 433, High Holborn House, 52 High Holborn, LONDON WC1V 6RB.

**BOOK NOW FOR DECEMBER, JANUARY, FEBRUARY, MARCH**

## Sri Lanka. This winter.



# A diary for all reasons

A DESK DIARY, like a car, reveals a lot about its owner. The businessman needs a reference book. The day-dreamer wants to escape into pictures. The enthusiast is hungry for tips on his hobby. A diary can help plan the future or record the past. Once you have decided what sort of diary you want, there are many to choose between. They make excellent Christmas presents and W. H. Smith, the General Trading Company, Sloane St. London SW1, and other department stores stock a wide selection.

The office diary is an essential gadget, like the calculator and the telephone. The Creative Handbook Diary (£9.95 from Hatchards, Piccadilly, London, W1) serves the world of advertising and communications. Monthly feature articles on video techniques, home computers and, for June, the history of graphic designs for the Olympics are followed by a directory of media, printing and video companies throughout Britain. The section on restaurants has a tempting competition to identify restaurants from photographs as a good excuse for extra business lunches.

The Economist Diary (£20) and the Financial Times Diary (£11.95) are huge, leather-bound survival manuals. The diary pages are squeezed between an encyclopaedia of facts, figures, charts, maps and street plans of capital cities. World-wide information jostles with facts such as how much had-dock was landed at Ullapool in 1981 and how many calls from public telephone booths were made in 1983, both supplied by The Economist.

The FT reminds readers that June 4 is Emancipation Day in Tonga, supplies a trilingual dictionary of business phrases and provides a double century calendar to calculate the exact date

of your appointments up to the year 2110.

The squishy, leather-bound Collins Executive Diary (£14.25) keeps information to a minimum but insists, like all the others, on chopping the day into morning, lunch, afternoon and evening in equal parts, a bit depressing for the less social. But the Letts Page-a-Day Appointment Diary (£4.05) is for the true workaholic. The pages are printed up for meetings from 8 am to 8 pm, even on Sundays.

Picture-book diaries give no hint on the state of the economy or the structure of a day. They provide moments of escape from the worldly obligations noted on the opposite page. Most of them are quality, hard-back books, produced by museums and societies and available directly from them, with full-page pictures and minimal information.

The Tate Gallery Diary (£4.25) and always sells out quickly) reproduces only 12 paintings from its collection, including a Hockney, a Sickert and a Matisse which is also on the cover. Other art diaries follow the picture-a-week format. In the joint publication by the Museum and Galleries of Great Britain and the National Trust for Scotland the paintings, tapestries and objects d'art are chosen under the general theme of Nature Through the Eyes of the Artist (£4.75). The National Trust's Diary (£3.95 from National Trust shops) illustrates houses and objects in its care. Both have optimistic charts for recording favourite hotels, restaurants and journeys.

For the ornithologist, the Natural History Museum Diary reproduces paintings of birds (£5.95), giving more information on the bird than the artist. The Royal Horticultural Society Diary indulges gardeners with the Royal Year Diary (Collins, £3.95) which reminds royal-sporters who's who, when they



rose or amaryllis greets every Monday morning when the page is turned. And next year's theme for the Victoria and Albert Museum Diary is the theatre (£4.95).

The most beautiful of the picture-book art diaries is devoted to English artists, published by the Royal Academy (£8.95). Paintings by Gainsborough, Reynolds, Orchardson and Lear are reproduced with a short, often contemporary, commentary beneath. As the days of the week are omitted, it can be used in 1985, 1986, or 1987, or kept to record anniversaries and birthdays.

Some diaries cater for hobbies. Royalists should seek out the Royal Year Diary (Collins, £3.95) which reminds royal-sporters who's who, when they

should be lurking in Pall Mall. Windsor or Ascot and when they should post birthday cards. The Francis Frith Collection publishes its first diary next year, reproducing some of Frith's 19th century sepia photographs of Britain (£4.95).

The Cat Diary prefaces each month with a painting by Martin Lemmon (£4.25) and the Royal Opera House Diary (£9.05) provides opera and ballet addicts with photographs of their stars in rehearsal and performance.

Londoners choose between the small Living in London Diary (£12.5), crammed with information, and the blank, page-a-day London Diary (£7.99) which has a daily anecdote and cartoon about the capital. Daydreamers can escape from the city's grime into the pretty Country Life

## HEALTH AND FITNESS DIARY 1984



Diaries are no longer the stark, dreary empty pages they used to be. Here LOUISE NICHOLSON selects some favourites of the new year's crop to tempt the most uninspired of scribblers to catch the habit.

Diary (£3.99) or Country Gallery Diary (£5.45) whose deep borders are alive with birds, butterflies, geese and squirrels, delicately painted by Sharon Jervis.

Some people love to be told what to do and diaries abound that give tips and instructions. The Lady's Diary (£3) lets every woman become a superwoman. Sections to fill in the dog licence renewal date and passport numbers are followed by instructions on how to deal with such events as a burst pipe or a sick child. There are even charts to record visitors' whims, favourite wines and where possessions have been put safely away—a gift for the burglar to stumble on. The superwoman gets extra space for weekend family outings and entertaining, but no pictures.

Quite the opposite is Sara Morda's In And Out Of The Garden (£8.50). She makes every page a charming mixture of gardening illustrations, verses, superstitions and tips. You hardly dare to write in it and should certainly not take it near the potting-shed. A more

practical gardener's diary is Popular Gardening (£3). After 60 pages of solid instruction the diary pages give weekly reminders of what needs doing indoors and outdoors.

But to get fit without a garden, the Jane Fonda Health and Fitness Diary (£4.95), provides a harsh regime. The diary part is secondary to the detailed monthly exercise programmes and diet instructions, interspersed with encouraging photographs of the glamorous, fit, sparkly-eyed Miss Fonda.

If the strain of life's timetable is too much, the Punch Cartoon Diary (£6.15) brings new laughs every few days and the eccentric Dodo Pad provides philosophers' quotes, nonsense drawings and gloriously useless facts. But perhaps future plans should be left entirely to chance and only the past committed to paper. Nazarene Gabriell's very beautiful page-a-day Diary (at Fortnum and Mason, from £8.05) deserves the record of an eventful life. If 1984 looks promising, the year's jottings can be kept for posterity in an elegant volume.

"The melancholy days are come, the saddest of the year. Of wailing winds, and naked woods, and meadows brown and sear."

(The Death of the Flowers, W. C. Bryant, 1825) THAT sums up my view of autumn. That is also why my mind turns to parties at this time of year and, it seems, I'm not alone in that.

I must first of all explain that I have recently had a mild change of heart. Until now I have never been much in favour of the standing buffet. Not being a dab hand at chasing food round a plate with a fork, or breaking bread with one hand to mop up that delicious sauce while the other hand holds the plate steady, I am sure to end up with the food in my lap—even if I have managed to find a sitting space on the floor.

On the other hand there are many people who love a buffet party because it means they can enjoy the company of far more friends than they have chairs for. I have to agree that, during this melancholy season, I also wish to entertain and enjoy the maximum number of friends possible and I have already done so—with a buffet!

There are certain things to be kept in mind when preparing a buffet party. If you are inviting so many people that there really will be no chance of eating with two hands, remember to keep the sauces on the thick side: slice the meat into manageable roll-up-and-eat or bite-size slices; to keep any salad containing peas or rice or beans on the moist side so that



Cookery/Julie Hamilton

## Standing room only

It slightly sticks together, thus making possible mouthfuls larger than two or three peas at a time; not to serve a green salad that contains whole crisp lettuce leaves wonderfully dressed which spring back and slick dressing all over the bosom.

If serving bread with any dish it is as well to have at least half of it already buttered (have you tried doing it single handed?). Garlic bread could be the answer. Do not feel it is necessary to offer a vast choice of dishes because you cannot rely on people making a selection. They will tend to pile some of everything on to one plate. Just imagine prawn mousse mixed with pork afelia (a Greek dish of pork in red wine). Do not be afraid of dishes that are tepid. It is slowly being acknowledged that most vegetables are at their best and most flavoursome when tepid.

Presentation matters a lot but not at the expense of taste. Please do not be tempted to coat cold dishes with aspic to keep them looking fresh. Try cling film instead. Unless the aspic is home made and an integral part of the dish it usually adds nothing to whatever it coats and probably masks a delicate flavour, even to the extent of destroying it.

Over the past years I have written about a number of dishes that are ideal for a buffet—for example, Parmigiana, Gravad Lax (dill pickled salmon) and Stuffed Sardines, Tails Up. These and others I have assembled in a free booklet (see details far right).

Your choice of buffet food will probably be influenced as much by the guest list as by the occasion. A large but informal gathering of chums, say after some sporting event, obviously does not require the same style and elegance as might a 25th wedding anniversary.

A Mexican hot pot with garlic bread is marvellous for a big informal party, easy to serve and eat. Or you might consider a buffet of stuffed vegetables. The variety is enormous, the result is colourful and rewarding and it could be so arranged as to eliminate

the need for even a fork, fingers being far easier.

Imagine stuffed jacket potatoes, courgettes, tomatoes, spinach (which in appearance resembles stuffed vine leaves), Chinese leaves, cabbage, aubergines, mushrooms and, of course, peppers. Some should be served hot, some tepid and some cold. Meat, and or fish, can be incorporated into the various stuffings, which must all be very different from each other. The readily available colourful peppers from Holland make it possible to create a wonderfully festive display.

### SEMI-SOUSED TURKEY

serves 20/25 I have recently been developing a recipe for Semi-Soused Turkey and I am ready to say if you intend to serve cold meats at a buffet this method with turkey is guaranteed to produce very juicy, succulent slices with a supreme flavour. To cook this dish you need a very large earthenware casserole. If you are planning turkey as the sole meat served you will need two.

2 approx 7/8 lb turkeys (frozen can be cheapest); 4 onions very finely grated; 4 large cloves of garlic finely grated; a good size bunch of fresh thyme; 1 sprig each of fresh sage, parsley and marjoram; 2 tablespoons salt (1 per bird); 4 tablespoons lemon juice; 6 tablespoons olive oil; 2 tablespoons wine vinegar; 1 pint white wine; 2 tablespoons dark runny honey; lots of coarsely grated pepper and allspice. (If you cannot get any fresh herbs then use dried, but not too much.)

Heat the oil in a very large frying pan and seal the turkeys. This can be a bit awkward but if you put on good thick rubber gloves it is possible to keep turning the birds with your hands. When all sides are lightly coloured place the birds in large casseroles. Lightly fry the onions and garlic in the oil. Scissor the herbs over the turkeys, sprinkle on the salt, pepper and allspice, then add the fried onions and garlic. Combine all the liquids and honey in a saucepan, bring to boiling point and pour over the birds. Cover and cook, simmering very slowly for about one and a half hours, turning the

birds at least twice during the cooking time. Leave to cool slowly in the pot, do not open the lid or turn until completely cold. Allow at least 24 hours standing time, or longer, before serving, but during this time turn the birds often.

To serve, remove the skin and carve thin slices, cut into narrow strips easily managed with a fork. Spoon over some of the sousing juices and onions. The meat will be very tender and moist. The lentil dish given in the booklet is an excellent accompaniment.

### MUMBLED RABBIT

Serves 20

I recently came across this dish when I was lunching at the newly-opened Dickens Room at the Bedford Hotel in Brighton where the menu is based on dishes that Charles Dickens might have eaten when he stayed there. Mumbled Rabbit is simple, very tasty and need- less to say, economical. The rabbit is boned so that you do not experience the continuous irritation of small splinters in the mouth.

5 lb rabbit diced and boned; 3 heads of celery; 6 eggs; 1 pint medium dry cider; 4 sprigs each of fresh thyme and parsley; 2 bay leaves; 2 scant tablespoons anchovy essence; 3 oz butter.

Wash and cut up the celery into one-inch lengths. Melt 1 oz of the butter and add the rabbit. Stir well to seal it all, then add the celery, herbs and more than enough water to cover it. Bring to simmering point and cook thus, covered, for 30 to 40 minutes. Ten minutes before the end add the whole eggs to hard boil them. Strain the rabbit and celery. Discard the herbs, put the liquid into a saucepan with the cider and anchovy essence and reduce it by half.

Chop the hard boiled eggs finely, melt the butter and toss the rabbit, celery and eggs together over a gentle heat. Add the now reduced liquid, stir gently and adjust seasoning to taste. Serve hot with either rice or a short cut pasta such as penne.

If your buffet party is a serious celebration then I expect a cake has been ordered. But if you intend to serve cheese as well, remember that eating cheese and biscuits with one hand, if you have to spread the butter and cut the cheese, can be rather tricky.

## How to send for your free buffet booklet

For readers who would like further ideas on buffet food the FT has produced a free booklet written by Julie Hamilton. The booklet offers about nine recipes ranging from the easy and economical to the luxurious and extravagant and catering for 15 up to 30 people. Send a stamped addressed envelope, 95s by 55s, marking it "Buffer Booklet," to Catherine Ineson, Publicity Department, Financial Times, 10 Cannon Street, London EC4.

## in Next week's FT

— On Monday's Management Page - Elf Aquitaine learning to live with a new state-appointed chairman

— On the Technology Page . . . How much will tomorrow's computer remember

— and How to shop without leaving your armchair

See the Arts Page for reviews of Poppy and The Sleeping Prince

The FT brings you the information you need — read it every working day.

No FT...no comment



FORTNUM & MASON'S Christmas Catalogue in full colour now available. Illustrations of the celebrated exotic food and wine hampers, fashion for both ladies and gentlemen, plus exciting gifts from all departments. A copy will be sent on receipt of £1.

Fortnum & Mason  
Box 71, Piccadilly, London W1A 1ER.

Wines of the Week	
In stock now at	
<b>BULGARIA</b>	12 bottles
Malbec 1976 - 12 bottles	£19.50
Malbec 1975 - 12 bottles	£19.50
Malbec 1974 - 12 bottles	£20.00
Chateau 1977 - 12 bottles	£21.00
Chateau 1976 - 12 bottles	£21.00
Chateau 1975 - 12 bottles	£21.00
Chateau 1974 - 12 bottles	£21.00
Chateau 1973 - 12 bottles	£21.00
Chateau 1972 - 12 bottles	£21.00
Chateau 1971 - 12 bottles	£21.00
Chateau 1970 - 12 bottles	£21.00
Chateau 1969 - 12 bottles	£21.00
Chateau 1968 - 12 bottles	£21.00
Chateau 1967 - 12 bottles	£21.00
Chateau 1966 - 12 bottles	£21.00
Chateau 1965 - 12 bottles	£21.00
Chateau 1964 - 12 bottles	£21.00
Chateau 1963 - 12 bottles	£21.00
Chateau 1962 - 12 bottles	£21.00
Chateau 1961 - 12 bottles	£21.00
Chateau 1960 - 12 bottles	£21.00
Chateau 1959 - 12 bottles	£21.00
Chateau 1958 - 12 bottles	£21.00
Chateau 1957 - 12 bottles	£21.00
Chateau 1956 - 12 bottles	£21.00
Chateau 1955 - 12 bottles	£21.00
Chateau 1954 - 12 bottles	£21.00
Chateau 1953 - 12 bottles	£21.00
Chateau 1952 - 12 bottles	£21.00
Chateau 1951 - 12 bottles	£21.00
Chateau 1950 - 12 bottles	£21.00
Chateau 1949 - 12 bottles	£21.00
Chateau 1948 - 12 bottles	£21.00
Chateau 1947 - 12 bottles	£21.00
Chateau 1946 - 12 bottles	£21.00
Chateau 1945 - 12 bottles	£21.00
Chateau 1944 - 12 bottles	£21.00
Chateau 1943 - 12 bottles	£21.00
Chateau 1942 - 12 bottles	£21.00
Chateau 1941 - 12 bottles	£21.00
Chateau 1940 - 12 bottles	£21.00
Chateau 1939 - 12 bottles	£21.00
Chateau 1938 - 12 bottles	£21.00
Chateau 1937 - 12 bottles	£21.00
Chateau 1936 - 12 bottles	£21.00
Chateau 1935 - 12 bottles	£21.00
Chateau 1934 - 12 bottles	£21.00
Chateau 1933 - 12 bottles	£21.00
Chateau 1932 - 12 bottles	£21.00
Chateau 1931 - 12 bottles	£21.00
Chateau 1930 - 12 bottles	£21.00
Chateau 1929 - 12 bottles	£21.00
Chateau 1928 - 12 bottles	£21.00
Chateau 1927 - 12 bottles	£21.00
Chateau 1926 - 12 bottles	£21.00
Chateau 1925 - 12 bottles	£21.00
Chateau 1924 - 12 bottles	£21.00
Chateau 1923 - 12 bottles	£21.00
Chateau 1922 - 12 bottles	£21.00
Chateau 1921 - 12 bottles	£21.00
Chateau 1920 - 12 bottles	£21.00
Chateau 1919 - 12 bottles	£21.00
Chateau 1918 - 12 bottles	£21.00
Chateau 1917 - 12 bottles	£21.00
Chateau 1916 - 12 bottles	£21.00
Chateau 1915 - 12 bottles	£21.00
Chateau 1914 - 12 bottles	£21.00
Chateau 1913 - 12 bottles	£21.00
Chateau 1912 - 12 bottles	£21.00
Chateau 1911 - 12 bottles	£21.00
Chateau 1910 - 12 bottles	£21.00
Chateau 1909 - 12 bottles	£21.00
Chateau 1908 - 12 bottles	£21.00
Chateau 1907 - 12 bottles	£21.00
Chateau 1906 - 12 bottles	£21.00
Chateau 1905 - 12 bottles	£21.00
Chateau 1904 - 12 bottles	£21.00
Chateau 1903 - 12 bottles	£21.00
Chateau 1902 - 12 bottles	£21.00
Chateau 1901 - 12 bottles	£21.00
Chateau 1900 - 12 bottles	£21.00
Chateau 1899 - 12 bottles	£21.00
Chateau 1898 - 12 bottles	£21.00
Chateau 1897 - 12 bottles	£21.00
Chateau 1896 - 12 bottles	£21.00
Chateau 1895 - 12 bottles	£21.00
Chateau 1894 - 12 bottles	£21.00
Chateau 1893 - 12 bottles	£21.00
Chateau 1892 - 12 bottles	£21.00
Chateau 1891 - 12 bottles	£21.00
Chateau 1890 - 12 bottles	£21.00
Chateau 1889 - 12 bottles	£21.00
Chateau 1888 - 12 bottles	£21.00
Chateau 1887 - 12 bottles	£21.00
Chateau 1886 - 12 bottles	£21.00
Chateau 1885 - 12 bottles	£21.00
Chateau 1884 - 12 bottles	£21.00
Chateau 1883 - 12 bottles	£21.00
Chateau 1882 - 12 bottles	£21.00
Chateau 1881 - 12 bottles	£21.00
Chateau 1880 - 12 bottles	£21.00
Chateau 1879 - 12 bottles	£21.00
Chateau 1878 - 12 bottles	£21.00
Chateau 1877 - 12 bottles	£21.00
Chateau 1876 - 12 bottles	£21.00
Chateau 1875 - 12 bottles	£21.00
Chateau 1874 - 12 bottles	£21.00
Chateau 1873 - 12 bottles	£21.00
Chateau 1872 - 12 bottles	£21.00
Chateau 1871 - 12 bottles	£21.00
Chateau 1870 - 12 bottles	£21.00
Chateau 1869 - 12 bottles	£21.00
Chateau 1868 - 12 bottles	£21.00
Chateau 1867 - 12 bottles	£21.00
Chateau 1866 - 12 bottles	£21.00
Chateau 1865 - 12 bottles	£21.00
Chateau 1864 - 12 bottles	£21.00
Chateau 1863 - 12 bottles	£21.00
Chateau 1862 - 12 bottles	£21.00
Chateau 1861 - 12 bottles	£21.00
Chateau 1860 - 12 bottles	£21.00
Chateau 1859 - 12 bottles	£21.00
Chateau 1858 - 12 bottles	£21.00
Chateau 1857 - 12 bottles	£21.00
Chateau 1856 - 12 bottles	£21.00
Chateau 1855 - 12 bottles	£21.00
Chateau 1854 - 12 bottles	£21.00
Chateau 1853 - 12 bottles	£21.00
Chateau 1852 - 12 bottles	£21.00
Chateau 1851 - 12 bottles	£21.00
Chateau 1850 - 12 bottles	£21.00
Chateau 1849 - 12 bottles	£21.00
Chateau 1848 - 12 bottles	£21.00
Chateau 1847 - 12 bottles	£21.00
Chateau 1846 - 12 bottles	£21.00
Chateau 1845 - 12 bottles	£21.00
Chateau 1844 - 12 bottles	£21.00
Chateau 1843 - 12 bottles	£21.00
Chateau 1842 - 12 bottles	£21.00
Chateau 1841 - 12 bottles	£21.00
Chateau 1840 - 12 bottles	£21.00
Chateau 1839 - 12 bottles	£21.00
Chateau 1838 - 12 bottles	£21.00
Chateau 1837 - 12 bottles	£21.00
Chateau 1836 - 12 bottles	£21.00
Chateau 1835 - 12 bottles	£21.00
Chateau 1834 - 12 bottles	£21.00
Chateau 1833 - 12 bottles	£21.00
Chateau 1832 - 12 bottles	£21.00
Chateau 1831 - 12 bottles	£21.00
Chateau 1830 - 12 bottles	£21.00
Chateau 1829 - 12 bottles	£21.00
Chateau 1828 - 12 bottles	£21.00
Chateau 1827 - 12 bottles	£21.00
Chateau 1826 - 12 bottles	£21.00
Chateau 1825 - 12 bottles	£21.00
Chateau 1824 - 12 bottles	£21.00
Chateau 1823 - 12 bottles	£21.00
Chateau 1822 - 12 bottles	£21.00
Chateau 1821 - 12 bottles	£21.00
Chateau 1820 - 12 bottles	£21.00
Chateau 1819 - 12 bottles	£21.00
Chateau 1818 - 12 bottles	£21.00
Chateau 1817 - 12 bottles	£21.00
Chateau 1816 - 12 bottles	£21.00
Chateau 1815 - 12 bottles	£21.00
Chateau 1814 - 12 bottles	£21.00
Chateau 1813 - 12 bottles	£21.00
Chateau 1812 - 12 bottles	£21.00
Chateau 1811 - 12 bottles	£21.00
Chateau 1810 - 12 bottles	£21.00
Chateau 1809 - 12 bottles	£21.00
Chateau 1808 - 12 bottles	£21.00
Chateau 1807 - 12 bottles	£21.00
Chateau 1806 - 12 bottles	£21.00
Chateau 1805 - 12 bottles	£21.00
Chateau 1804 - 12 bottles	£21.00
Chateau 1803 - 12 bottles	£21.00
Chateau 1802 - 12 bottles	£21.00
Chateau 1801 - 12 bottles	£21.00
Chateau 1800 - 12 bottles	£21.00
Chateau 1799 - 12 bottles	£21.00
Chateau 1798 - 12 bottles	£21.00
Chateau 1797 - 12 bottles	£21.00
Chateau 1796 - 12 bottles	£21.00
Chateau 1795 - 12 bottles	£21.00
Chateau 1794 - 12 bottles	£21.00
Chateau 1793 - 12 bottles	£21.00
Chateau 1792 - 12 bottles	£21.00
Chateau 1791 - 12 bottles	£21.00
Chateau 1790 - 12 bottles	£21.00
Chateau 1789 - 12 bottles	£21.00
Chateau 1788 - 12 bottles	£21.00
Chateau 1787 - 12 bottles	£21.00
Chateau 1786 - 12 bottles	£21.00
Chateau 1785 - 12 bottles	£21.00
Chateau 1784 - 12 bottles	£21.00
Chateau 1783 - 12 bottles	£21.00
Chateau 1782 - 12 bottles	£21.00
Chateau 1781 - 12 bottles	£21.00
Chateau 1780 - 12 bottles	£21.00
Chateau 1779 - 12 bottles	£21.00
Chateau 1778 - 12 bottles	£21.00
Chateau 1777 - 12 bottles	£21.00
Chateau 1776 - 12 bottles	£21.00
Chateau 1775 - 12 bottles	£21.00
Chateau 1774 - 12 bottles	£21.00
Chateau 1773 - 12 bottles	£21.00
Chateau 1772 - 12 bottles	£21.00
Chateau 1771 - 12 bottles	£21.00
Chateau 1770 - 12 bottles	£21.00
Chateau 1769 - 12 bottles	£21.00
Chateau 1768 - 12 bottles	£21.00
Chateau 1767 - 12 bottles	£21.00
Chateau 1766 - 12 bottles	£21.00
Chateau 1765 - 12 bottles	£21.00
Chateau 1764 - 12 bottles	£21.00
Chateau 1763 - 12 bottles	£21.00
Chateau 1762 - 12 bottles	£21.00
Chateau 1761 - 12 bottles	£21.00
Chateau 1760 - 12 bottles	£21.00
Chateau 1759 - 12 bottles	£21.00
Chateau 1758 - 12 bottles	£21.00
Chateau 1757 - 12 bottles	£21.00
Chateau 1756 - 12 bottles	£21.00
Chateau 1755 - 12 bottles	£21.00
Chateau 1754 - 12 bottles	£21.00
Chateau 1753 - 12 bottles	£21.00
Chateau 1752 - 12 bottles	£21.00
Chateau 1751 - 12 bottles	£21.00
Chateau 1750 - 12 bottles	£21.00
Chateau 1749 - 12 bottles	£21.00
Chateau 1748 - 12 bottles	£21.00
Chateau 1747 - 12 bottles	£21.00
Chateau 1746 - 12 bottles	£21.00
Chateau 1745 - 12 bottles	£21.00
Chateau 1744 - 12 bottles	£21.00
Chateau 1743 - 12 bottles	£21.00
Chateau 1742 - 12 bottles	£21.00
Chateau 1741 - 12 bottles	£21.00
Chateau 1740 - 12 bottles	£21.00
Chateau 1739 - 12 bottles	£21.00
Chateau 1738 - 12 bottles	£21.00
Chateau 1737 - 12 bottles	£21.00
Chateau 1736 - 12 bottles	£21.00
Chateau 1735 - 12 bottles	£21.00
Chateau 1734 - 12 bottles	£21.00
Chateau 1733 - 12 bottles	£21.00
Chateau 1732 - 12 bottles	£21.00
Chateau 1731 - 12 bottles	£21.00
Chateau 1730 - 12 bottles	£21.00
Chateau 1729 - 12 bottles	£21.00
Chateau 1728 - 12 bottles	£21.00
Chateau 1727 - 12 bottles	£21.00
Chateau 1726 - 12 bottles	£21.00
Chateau 1725 - 12 bottles	£21.00
Chateau 1724 - 12 bottles	£21.00
Chateau 1723 - 12 bottles	£21.00
Chateau 1722 - 12 bottles	£21.00
Chateau 1721 - 12 bottles	£21.00
Chateau 1720 - 12 bottles	£21.00
Chateau 1719 - 12 bottles	£21.00
Chateau 1718 - 12 bottles	£21.00
Chateau 1717 - 12 bottles	£21.00
Chateau 1716 - 12 bottles	£21.00
Chateau 1715 - 12 bottles	£21.00
Chateau 1714 - 12 bottles	£21.00
Chateau 1713 - 12 bottles	£21.00
Chateau 1712 - 12 bottles	£21.00
Chateau 1711 - 12 bottles	£21.00
Chateau 1710 - 12 bottles	£21.00
Chateau 1709 - 12 bottles	£21.00
Chateau 1708 - 12 bottles	£21.00
Chateau 1707 - 12 bottles	£21.00
Chateau 1706 - 12 bottles	£21.00
Chateau 1705 - 12 bottles	£21.00
Chateau 1704 - 12 bottles	£21.00
Chateau 1703 - 12 bottles	£21.00
Chateau 1702 - 12 bottles	£21.00
Chateau 1701 - 12 bottles	£21.00
Chateau 1700 - 12 bottles	£21.00
Chateau 1699 - 12 bottles	£21.00
Chateau 1698 - 12 bottles	£21.00
Chateau 1697 - 12 bottles	£21.00
Chateau 1696 - 12 bottles	£21.00
Chateau 1695 - 12 bottles	£21.00
Chateau 1694 - 12 bottles	£21.00
Chateau 1693 - 12 bottles	£21.00
Chateau 1692 - 12 bottles	£21.00
Chateau 1691 - 12 bottles	£21.00
Chateau 1690 - 12 bottles	£21.00
Chateau 1689 - 12 bottles	£21.00
Chateau 1688 - 12 bottles	£21.00
Chateau 1687 - 12 bottles	£21.00
Chateau 1686 - 12 bottles	£21.00
Chateau 1685 - 12 bottles	£21.00
Chateau 1684 - 12 bottles	£21.00
Chateau 1683 - 12 bottles	£21.00
Chateau 1682 - 12 bottles	£21.00
Chateau 1681 - 12 bottles	£21.00
Chateau 1680 - 12 bottles	£21.00
Chateau 1679 - 12 bottles	£21.00
Chateau 1678 - 12 bottles	£21.00
Chateau 1677 - 12 bottles	£21.00
Chateau 1676 - 12 bottles	£21.00
Chateau 1675 - 12 bottles	£21.00
Chateau 1674 - 12 bottles	£21.00
Chateau 1673 - 12 bottles	£21.00
Chateau 1672 - 12 bottles	£21.00
Chateau 1671 - 12 bottles	£21.00
Chateau 1670 - 12 bottles	£21.00
Chateau 1669 - 12 bottles	£21.00
Chateau 1668 - 12 bottles	£21.00
Chateau 1667 - 12 bottles	£21.00
Chateau 1666 - 12 bottles	£21.00
Chateau 1665 - 12 bottles	£21.00
Chateau 1664 - 12 bottles	£21.00
Chateau 1663 - 12 bottles	£21.00
Chateau 1662 - 12 bottles	£21.00
Chateau 1661 - 12 bottles	£21.00
Chateau 1660 - 12 bottles	£21.00
Chateau 1659 - 12 bottles	£21.00
Chateau 1658 - 12 bottles	£21.00
Chateau 1657 - 12 bottles	£21.00
Chateau 1656 - 12 bottles	£21.00
Chateau 1655 - 12 bottles	£21.00
Chateau 1654 - 12 bottles	£21.00
Chateau 1653 - 12 bottles	£21.00
Chateau 1652 - 12 bottles	£21.00
Chateau 1651 - 12 bottles	£21.00
Chateau 1650 - 12 bottles	£21.00
Chateau 1649 - 12 bottles	£21.00
Chateau 1648 -	







# A bin full of books for your cellar

BY EDMUND PENNING-ROWSELL

HUBRECHT DULIKER is surely the most assiduous wine writer of the day, and his large-format tomes, as designed for the original Dutch editions, contain an unequalled range of detailed information and statistics on the wines of each region, its growers and merchants. Two new volumes are *The Great Wines of Burgundy* and *The Wines of the Loire, Alsace and Champagne* (each 200pp, Mitchell Beazley, £13.95).

He seems to have met every grower and merchant of note, and some not so notable, and tasted their wines critically. Along the top of almost every page are reproductions of the labels of the leading producers and firms, with appropriate comments on their wines. Unfortunately, they are set in such small italic type that they are painfully difficult to read; a fault of the original design, and my only criticism of the works that are illustrated on every page with imaginative photographs.

In the particularly difficult region of Burgundy I can endorse his comments, where I too am familiar with the grower or merchant, though I am less than keen on the "house style" of the Romanesque-Conti estate wines. And I do not always share his opinions on some marques of champagne, invaluable travelling companions on wine-region tours, and it is only pity that they are so large and heavy that they are for over a century.

Loudeau has been an outpost of the British firm that, following Gladstone's reduction of customs duty to 2d a bottle in his 1860 Budget, did much to bring cheap French wines to the British market (including, surely, Mr Potter and his associates). The firm was Gilbey's, now part of International Distillers and Vintners, and in 1875 they bought Loudeau, far up the Meuse, primarily as a warehouse for their packages, not restricted to low-priced wines. In the early days the Gilbeys

and their fellow directors used the chateau for their working holidays, and recorded them in the diaries and visitors' books that have provided Nicholas Faith with much of his material for *Victorian Vineyard*; Chateau Loudeau and the Gilbeys (180pp, Constable, £9.95), a valuable, entertaining work, very well illustrated with contemporary photographs. The Gilbey board was commercially tough, if not always agreeable, even to each other, and through their sole agencies with grocers all over Britain they built up a formidable business that declined only in the pre-First World War years, as the market for "dessert" claret fell away, never to recover. In recent years Loudeau has been restored, not only as a centre of hospitality, but also as a well-organised wine-producing property, producing excellent red and white wine. This revival must be attributed mainly to the late Martin Bamford, who died so sadly last year, and this work, which he helped to plan, is a memorial to him.

The first public demonstration of Baron Philippe de Rothschild's impact on Bordeaux in the 1920s was the Cabernet Coloured label on the 1924 vintage. Other changes followed, and ever since 1945, with one or two exceptions, a different artist of repute has been commissioned to provide a label heading. These labels have become collectors' items, particularly in full bottles, with, ironically, the commercially neglected off-vintages more sought-after than the better ones. Now these have been beautifully reproduced in enlarged form in *Monte-Rosé* (120pp, Mitchell Beazley, £9.95). And for good measure there are notes on the vintages and photographs of Mouton and its museum. A collectors' item, too.

Hugh Johnson describes his *Wine Companion* (544pp, Mitchell Beazley, £14.95) as "a portrait of this new wine



world" that has developed since the 1980s, following the developments of the New World wine industries and great technological advances in wine-making. Written in this author's lucid, concise style, it includes all relevant material on grape varieties, and the making, care and serving of wine. But the bulk of the book is taken up by lists of recommended growers and merchants, with appropriate information and comments added, in every major wine district of the world. Of interest in such leading areas as Bordeaux and Burgundy, where the great number of estates and firms call for detailed, critical guidance, it is invaluable in the less familiar minor regions, as well as for Australia and California. On those growers and merchants known to me personally the notes are very apt. The only unnecessary weakness is the laughably unlike drawing of leading figures in the wine world.

Gerald Asher, former British wine merchant with a taste for the out-of-the-way wines, is now the director of a California wine company, and the wine columnist of *Gourmet Magazine*, from which the 30 articles in *On Wine* (235pp, Jill Norman and Hobhouse, £5.50) have been collected. Penned with a sense of wine writing, in a relaxed,

apparently unhurried manner he recounts his wine experiences and at the same time imparts solid information on a wide variety of European wines as well as those of California. This is essentially a volume for bedtime reading, preferably after a good bottle or two have been opened. To avoid uncertainty as to when each article was written, it would have been helpful to include the date of original publication.

Jan Read is our leading writer on Spanish wines and in *The Mitchell Beazley Pocket Guide to Spanish Wines* (144pp, £3.95) he has compiled a remarkably compact handbook to the wines of the 12 regions, including Xerez. Within each the wines and firms are taken alphabetically and in considerable detail. The grey impression of the comparatively long paragraphs in the very small type size make this a harder read than most other titles in the series.

Rum may not sound sufficiently interesting to justify a book as long as *Rum Yesterday and Today* by Hugh Barty King and Anton Massel (236pp, Heinemann, £10). Nevertheless they have in fact written a most readable work on a drink with particular British associations through its historical production in the British West Indies. Navy that enjoyed its daily ration from 1731 to 1970. The name evidently derives from an English country slang word, connected with "rumbustious," as indicating the dangerous effects of this distilled sugarcane spirit: like gin, until the last century a killer when drunk in quantity. This book is largely a well-researched history of rum-making in the various Caribbean islands, and elsewhere, including Australia, India and the Philippines; and is also a record of the trade all over the world. Although the popular white rums are almost a different drink from the dark rums of Jamaica and Martinique, in recent years they have done much to main-

tain production in the generally impoverished West Indies, though Cuba-originated Bacardi produces its spirit in widely dispersed countries.

Anthony Hogg was long a director of the Peter Dominic wine-chain, and although *Travellers' Portugal* (278pp, Solo Mio Books, £4.95) is only marginally about wine, most visitors will associate Portugal with wine, and so does he. In essence, however, this is a very well planned series of routes covering the country for motorists, whether entering the country from the north or on fly-drive holidays. Meticulously detailed on places to see, hotels and restaurants, this is an invaluable, money-saving guide.

Finally two books on wine appreciation. The *Academie du Vin Wine Course* by Stephen Spurrier and Michael Doraz (224 pp, Century £10.95) is in book form the three courses run in association with the former's Paris wine firm. The first is largely about viticulture and the varied methods of making wine; the second is devoted to the different varieties of grapes and the chief wine-producing countries; and the third, advanced, course is mostly taken up with long series of tasting notes on representative ranges of wines. Skillfully presented, this is as much a dictionary as a volume of wine instruction.

Janice Robinson's *Masterclass* (176pp, Pan Books, £2.95) is more informal, lightly-written and ingenious. Set out in two columns, the one on the left gradually develops the theory of tasting and describes the various types and varieties of wine, while the right-hand column suggests the practical experiments to be undertaken to educate "one's palate" and to identify and distinguish the wines of the world. Starting by emphasising the importance of the nose in tasting by way of affixing a clothes-peg to cut it out ends by discussing the sometimes embarrassing subject of which wine with what food.

## Money and the RAC Rally ... by John Griffiths

### Golden road from Bath



York, 1982 in the start of another RAC rally

ANYONE DRIVING through the elegant city of Bath today might be forgiven for thinking that Lombard North Central, the finance house, had just bought it.

Lombard banners and logos are everywhere—on buildings, cars, even stitched to people's jackets.

They are the outward signs of the longest-running, and one of the most successful, sponsorship partnerships between commerce and motor sport.

Two months ago, Ron Barnes, Lombard's chief executive, signed his company up for a further five years' backing of the RAC Rally, making 15 years in all.

The rally starts today from the city centre, and finishes there five days and 1,900 miles later after battling through most of England to the Scottish border and Wales.

It is the most complex, in terms of logistics, event on the UK sporting calendar, of any type. It requires nearly 7,000 marshals.

It also has the largest live spectator audience, by far, than any other event—Cup Final, Wimbledon, the 100,000 crowds at Grand Prix all pale into insignificance compared with the 1m and more who turn out for the "RAC".

All sounds far-fetched, until the scene finds itself in a mile-long traffic jam on top of a North Wales mountain at two o'clock on a mid-week morning.

And that is for "stages"—on closed roads where crews are free to drive flat out against the clock—where spectators are not even supposed to be present. At

the "public" stages, where admission is charged, crowds of up to 120,000 are common—and there are 55 stages.

There lies the key to Lombard's association with the event. For a concern whose major revenue comes from providing vehicle hire purchase, the automatic association of its name with the rally has proved a money-spinner, which it can no longer afford to let drop.

Yet in comparison with the sums spent in sponsorship of Grands Prix, Lombard gets a bargain.

Its latest deal is costing it £800,000 over the five years. A major Grand Prix sponsor can spend £1m or more in a season.

Even so, it does not cover the RAC's costs in mounting the event, now approaching £200,000 a year, £87,000 of which will this year go to the Forestry Commission for using its loose-surfaced roads.

The rest is made up from competitors' entry fees—up to £725 per crew for 140 crews—and a modest financial contribution from the host city.

And if noisy exhausts, garishly painted cars and often even more garishly garbed people do not blend easily with Bath's restrained Georgian grandeur, most of its citizens are quite prepared to live with it for a few days.

Up to 10 service vehicles accompany the major manufacturers' teams, their crews also requiring food and accommodation. Restaurants and shops are packed throughout the five days that the city's population is temporarily swelled by several thousand.

Based on earnings of the two

previous occasions that the rally has been based at Bath, 1981 revenue generated for the local economy should be comfortably over £1m.

The "RAC" is the last event on the world rally championship and the disappointment this year is that both driver's and manufacturer's titles are already decided. So Lancia, the manufacturer champions, will not be competing. But Hannu Mikkola, the Finnish world champion, will in the latest version of Audi's four-wheel-drive Quattro coupe.

Mikkola's Quattro may not look too different from the 517,000 roadgoing one, in the same way that competing Opel Mantas, Toyota Celicas, Vauxhall Chevettes and Ford Escorts bear passing resemblance to showroom models.

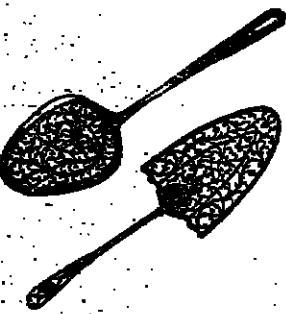
But this year, more than ever, he story beneath the skin is very different. Engine outputs range from 250 to 360 brake horsepower, double and in some cases quadruple the norm. The Quattro to be used next year will have 400 bhp. A favoured few might even be able to buy one of the 200 expected to be built, albeit in detuned form, for about £70,000.

By then, there will be small hatchbacks such as Citroen's Visa and Peugeot's 205 competing—but with engines mounted amidships and four four-wheel-drive.

The rumours are continuing to grow. Following Austin Rover's decision to return to racing and rallying this year, the forests could be echoing next year to the sound of a similar vehicle, shaped not unlike a Metro...

## It all started with whitebait

BY JUNE FIELD



George III silver fish slices in the "Smart Collection of Fish Slices" sale at Phillips on Wednesday, November 30.

Twickenbury, and since then has travelled from the north of Scotland to Cornwall buying slices costing anything from 10p to £200.

Space, and the feeling that he has already amassed most of the different varieties (there are now over 250 different pieces spread over 155 lots in the auction), made him decide to sell. So how did these items for serving fish first originate?

Although by the early 18th century there were suitable ingredients for serving vegetables (generally a gravy or basting spoon with a straining device), as well as salt (usually with a sort of shovel-shaped spoon), and butter (with a miniature spade), plus such things as marrow scoops for digging out the jelly from beef bones, there was nothing for fish until around 1730.

The earliest known fish server is said to be the one made in London in 1741 by Paul de Lamerie, now in the "Farrer Collection" at the Ashmolean Museum, Oxford.

These early fish servers were said to have been initiated specially for straining whitebait from the hot fat in which they were cooked, there being a craze for freshly caught whitebait.

To savour the flavour they

long handles. This type was followed by the triangular pierced blade usually called a fish trowel, some of which had detachable wood handles. So that you could carry it around in your pocket, queries Mr Smart.

"Possibly these were the kind kept for the whitebait dinners which continued to be popular well into the 19th century," he says, referring to the annual Cabinet Whitebait Dinners held at the end of each Parliamentary session in taverns at Greenwich—at the Tavern by the Tories, at the Trafalgar by the Whigs.

A greater variety of fish, particularly turbot and sole, were brought to market from around 1763, due in some measure to a John Blake.

In a contemporary report of the Royal Society of Arts, Mr Blake was reported as putting up a scheme for machines "capable of carrying one thousand weight of fish... to London, from the sea-coasts of the kingdom."

The idea was to break a fish monopoly, and the society was so impressed that it advanced him £2,000 to do the job, topping it up with a further £1,500 "the better to enable him to complete his design."

So as Mr Smart points out in

the introduction to the catalogue (£2.50 from Eric Smith, Phillips, Blenheim House, 7, Blenheim Street, W.1), fish slices were eventually fashioned to cater for larger fish.

One side, sometimes both, was designed with a sharpened and curved cutting edge in order to cut through the backbone of the fish.

"Herrings, for example, were served up as small cutlets; at the same time, the sharp cutting edge was used as a knife to open up whole sections of the flesh of larger fish."

The handles or stems of the slices vary, ranging from bone, mother-of-pearl and green-stained ivory to silver in various patterns—Old English, fiddle and King's and Queen's shape; and sometimes the maker's mark on the handle is different from that on the blade.

For instance, one lot in the sale by Charles Chesterman, has a handle by Robert Telford. It is estimated to fetch between £60 and £70.

Estimates generally range from £80 to £150 for close and electro-plated and Old Sheffield Plate slices. (Close-plated is where the base metal is iron or steel, the silver being attached to the surface with tin, under heat.)

British silver slices 1839-49 start at £80, with the George II trowel engraved with a crest, by Samuel Courtald, London, c1750, its wood handle detachable, has one of the highest figures on it, £350-£360.

## The most delectable apples in the world

THE BRITISH climate, even that of the south east of England, is by no means ideal for apples. It is too unpredictable, too prone to sudden changes which destroy blossom or check the full development of fruit. It can be so wet and humid that scab and mildew flourish, or so lacking in autumn sunshine that fruits are unable to acquire the fine finish that sell them in the shops.

Yet in spite of these handicaps we are still able to produce the most delectable apples in the world. Partly this is due to those very shortcomings of climate I have just described, for coolness and moisture allow fruits to develop slowly and attain their fullest flavour. But it is also due to our good fortune in having produced, almost entirely by accident, the best culinary as well as the best dessert apple to be found anywhere. Bramley's Seedling was raised early in the 19th century from a pip sown in a Southwell cottage garden and it did not even get its name until, years later, a Mr Bramley came to live in the cottage. There may have been a little more thought

taken about the raising of Cox's Orange Pippin by Richard Cox in Colnbrook, perhaps a generation after Bramley's Seedling, but no one knows the parentage of the unique flavour through Robert Hogg, in his great *Fruit Manual*, suggests that the pip might have been from Ribston Pippin.

Neither apple would have attracted any overseas commercial fruit grower for Bramley's is too vigorous and also completely sterile without a pollinator and Cox is too susceptible to mildew, scab, cancer and most of the other diseases that can attack apples. Even in England it was a very long time before either apple was widely planted in commercial orchards but the advent of dwarfing root stocks to check excessive vigour and encourage early profitability and of fungicides to control diseases made them practicable for those who were prepared to take enough trouble.

A few years ago both apples appeared to be under threat from the Common Market but the picture that is now emerging is very different. Cox's Orange Pippin, if well grown and attractively presented, can command a limited but profitable market that no other apple fills. As for Bramley's Seedling it is still supreme in cooking quality and culinary apples as such simply do not exist outside Britain.

However there are some clouds on the horizon. Even



### GARDENING

ARTHUR HELLAYER

with modern storage methods using precise temperature control and equally strict regulation of oxygen and carbon dioxide levels in the atmosphere, Cox needs to be dipped in a fungicide before going into long term store. This is already prohibited in Europe and the ban may well spread to Britain. That would limit the life of Cox in store and so would deprive supermarket of the year-round supply which enables them to accustom buyers to particular varieties. Perhaps this is not so important with such a well-known apple as Cox, but buyers are also increasingly insisting on unsprayed, or at any rate minimally sprayed apples and the possibility of growing Cox commercially without quite a lot of spraying seems remote. Maybe biological disease control will come to the rescue.

Meanwhile the search goes on for new and more easily grown

apples of high quality. At the East Malling Research Station in Kent thousands of new seedlings are raised every year but only a very small percentage pass the early screening tests and fewer still find their way on to the market. One that has arrived is Jupiter, an attractive orange-red fruit with smooth shape and excellent flavour. Its parents were Cox's Orange Pippin and a robust highly coloured apple named Starking.

Like Bramley's Seedling, Jupiter is self sterile and needs a pollinator to make it crop for which purpose the equally new Greensleeves or the old ornamental crab apple Golden Hornet are recommended. It is moderately vigorous but can be rendered less so by grafting it on a dwarfing or semi-dwarfing root stock.

It also has a wide-angled branch pattern which gives it considerable resistance to branches breaking in high winds or when carrying heavy crops. In the National Fruit Trials at Faversham in Kent it has, for seven years, yielded on average three times the crop of Cox. It is now available from some nurseries, including Highfield Nurseries, Whitminster, Gloucestershire, and the big wholesale grower Matthews Fruit Trees is distributing it to garden centres.

Greensleeves, which is said to be very hardy and disease resistant, is also appearing quite widely and Spartan, an older apple with a crimson skin, is being grown on a considerable scale. I have had it for several

years and find it attractive, reliable and good eating.

At a recent fruit conference organised by the Royal Horticultural Society, Mr H. A. Baker, the fruit officer of the society, gave the following list of apples as his top choice for private gardeners. Only a few have commercial appeal so if you want them you must grow them for yourself, not at all an impossible task even in a small garden if they are grafted on M9 or M27 root stocks and restricted to single stem each.

Discovery is a good early apple to eat direct from the tree. Fortune ripens a few weeks later and is an apple that needs sunshine to bring out its full flavour. St Edmund's Russet is regarded by Mr Baker as the best of the russet skinned apples but he also includes Egremont Russet in his list for keeping until Christmas. Greensleeves is rather like Golden Delicious but better for our climate. Sunset is a late apple with beautiful rose-pink and white blossom. Cox's Orange Pippin is included in spite of its weakness and Ashmead's Kernel, a late apple raised about 1720 and still going strong, for its fine quality. Finally in the dessert list is Pixie which can be kept without difficulty until March. For cooking Mr Baker picks Bramley's Seedling, Golden Noble and Blenheim Orange, another very old apple that used to take 20 years to come into bearing but now, thanks to dwarfing root stocks, can be cropping in four or five years.

## Peter Robbins previews the All Blacks' game

### A cliffhanger for England

ENGLAND SEEM to have a great chance of beating New Zealand today at Twickenham, mainly because all the evidence of style, strategy, strength and weakness has been added and distilled.

As New Zealand have played against the divisional sides (and how I hope the same system obtains when Australia come here next year), the divisional selectors have gathered vast facts and figures and forwarded these to their national colleagues.

On the other hand, there has been little time for final refinement of the team, in spite of the helpful sessions at Stourbridge. And there are two new caps up front, White and Simpson. Cusworth, now playing much more confidently, has to erase the scar of his first cap against the All Blacks in 1979. On that day, he was instructed to play in a style totally alien to his natural instinct.

By now it is clear that the All Blacks do not use the set pieces to launch conventional three-quarter attacks. In these static phases, they punch forward through Mexted, Shaw, and Hobbs.

Alternatively, Smith hoists the ball for his pack to run on to. So, initially, that brilliant All Black trio must be controlled, pinned and put down firmly.

The All Blacks are at their very best when they counter-attack, and it will be imperative for England to make certain of their touch kicking and their tackling. In Edinburgh, Pollock followed a Scottish kick, which was taken by Mexted, who immediately linked with Donald, Shaw and Fraser to score in the corner. It was an instinctive and intuitive piece of rugby by Mexted, who likes to lie deep and bring the game to the opposition.

His style was muted in Edinburgh. It was different because he had to spend so much time mopping up. Similarly, England will need to restrict his gallivanting from loose possession as Scotland did with one or two exceptions.

England also must be alive to Fraser's use of the kick ahead. Unnumbered by the ball, he is much quicker and has scored several tries on the tour by this method.

Equally, New Zealand, as well as the high kick from Donald or Smith, like the little tantalising chip ahead from Poku. This not only turns the defence but stretches the fullback to the maximum.

Perhaps the biggest obstacle to England's success is in the New Zealand ability to raise their game quite suddenly and



THE CAPTAINS... Wheeler and Wilson

with great confidence. When Scotland drew level at 25-25, New Zealand did not contemplate playing for time, or the draw, but flung everything into attack. Had Green not cut back inside with an overlap available, New Zealand would certainly have won the match.

Where will New Zealand have cause to worry? Primarily at the line-out, which has not been at all satisfactory throughout the tour. McGrath is useful at the front, but the over-worked Mexted is their best technician.

Scott, therefore, has a major responsibility for England in this phase. Bainbridge has the psychological advantage of having dominated the line-out at Gateshead, but will England control the line-out possession that they will undoubtedly win?

The other area of considerable menace for the All Blacks is their indiscipline on the field. It is not perpetual but sufficient to lose them scores. Their management was unhappy about the refereeing in Scotland and the intervention of the Scottish touch judge.

The referee may have missed some things for both sides, but, if a touch judge has the authority to intervene and thinks it appropriate to do so, then there can be little cause for complaint.

With Blakeway excluded for Pearce, it is clear that the English selectors have gone for mobility, rather than traditional solid scrummaging. Not that Pearce will let England down in the tight scrum.

Most rugby followers will be thrilled at the selection of White of Gosforth after such a tremendous display at Gateshead. He is a good technician and very useful in the mauls.

Simpson, the other new cap, will surely play on the blind side and he, too, merits inclusion after his match for the North.

Elsewhere, the selectors have gone for those players who have matched the All Blacks physically and intellectually at divisional level. The exception is Scott at number eight, who was passed over for the South and South West team last Tuesday. I suspect the selectors think he is the man for this particular match, in view of Mexted's threat at the line-out.

The pack is balanced enough to give England a sound platform for attacking options. The selection of Cusworth before Horton, Davies and Barnes is interesting. There will be five Leicester players behind the scrum and that makes a lot of sense, given Leicester's record and style this year.

What we do not want is the misuse of possession as was demonstrated by Horton at Bristol. Just as important for Cusworth and England will be the fly half's contribution to defence. Alan Old pressurised Smith at Gateshead and Cusworth must do the same. I am sure he has learned from his previous traumatic experience.

So the brief from Richard Greenwood will be the elimination of mistakes, conclusive momentum and clarity of decision. Obviously the key areas revolve around the success of the respective back rows and the halfbacks.

Added responsibility will certainly rest with the kickers. Hare and Deans. With Hare in such great form, England are in with a splendid chance and could surprise almost everybody by squeezing home narrowly.

THOUSANDS OF TREES, SHRUBS, FRUITS, ROSES, HARDY PERENNIALS & ALPINE PLANTS IN HILLIER'S Free 30-page Plant & Price List (160p in colour) 20p stamp towards post appreciated HILLIER NURSERIES (WIMBORNE) LIMITED Dept. FT, Ampfield House, Ampfield, Romsey, Hants SO6 9FA



Saturday November 19 1983

## In praise of combinations

ONE OF the by-products of the unsatisfactory recent British economic experience is that sophisticated people increasingly equate optimism with crankiness or worse. Yet if the historical trend is to be reversed, some optimism will be shown to have made fools of the sophisticated. The interesting conundrum posed by Thursday's Autumn Statement — the real British budget in all but name — is whether Mr Nigel Lawson, the Chancellor, is the optimist in question.

At first sight it may seem paradoxical that a Chancellor who (treats a £1bn increase in income tax, equivalent to about 1p on the basic rate, should be greeted by a more than usually like-minded chorus of commentators deprecating him as a latterday Pangloss. But in practice this threat is one of the less substantial components of the statement, which reveals the results of the public expenditure review that has preoccupied ministers since the summer.

### Projections

The game at this point for most chancellors is to coo and spend ministers with doom and gloom, while leaving as much room for future tax cuts as possible. And Mr Lawson has indeed allowed himself some margin. It is widely assumed, for example, that the forecast £10bn public sector borrowing requirement for 1983-84 incorporates an underestimate of likely revenue. Moreover, the £3bn contingency reserve has been left intact for 1984-85 and the Treasury is predicting only £1.5bn proceeds from asset sales. This is in spite of the commitment to privatise British Telecom; and while the precise form of the sale has yet to be agreed, it would not be surprising if the forecast proceeds creep up in the public expenditure White Paper in the new year.

The real optimism came in projections of what the Chancellor himself called "a winning combination" of low inflation and steady growth. The Treasury is forecasting real GDP growth continuing at 3 per cent in 1983-84 and a snow-draw in retail price inflation to 4.1 per cent by the end of next year.

On the one hand this presupposes that consumers will go on adjusting to lower inflation by running down the savings ratio, which has already fallen from more than 12 per cent in the first half of 1982 to just more than 8 per cent in the first half of this year. On the other it assumes a broader-based recovery in which the corporate sector responds to increased retained profits by pumping more money into stocks and fixed investment; a recovery, moreover, in which export volume increases by 4 per cent in 1984 against a 4 per cent

### Deluge

The same could be true in the financial sector, where the imminent introduction of negotiated commissions are precipitating potential mergers. De-regulation has a way of increasing volume and depressing profits. As the man in the Saki story remarked, God tends to be on the side of the big dividend — hence the urge to amalgamate before the deluge. Mercury Securities and stockbrokers Akroyd and Smithers being the latest demonstration of the thesis.

And how will it profit Mr Lawson, chief architect of the MFS, if it all comes right? Since he believes that businessmen generate growth while governments do no more than hold the economic ring, modesty will preclude self-congratulation. But the financial Times does not start with its praise if optimism wins the day.

THE dream was to "wire America." From humble beginnings 30 years ago as a system to improve TV reception, the hopes of the pioneers of cable television in the U.S. were flying as high as the satellites which revolutionised the industry in the mid-1970s.

But high interest rates, soaring construction costs and slower than expected revenue growth have more recently clouded the cable picture and brought expectations back down to earth.

Today the U.S. industry is in the midst of a "shake-out" and is turning much of its attention overseas. In particular, towards the UK. Later this month Britain will formally enter the cable age when the Government awards 12 cable television franchise licences.

In preparation for the franchise awards, U.S. cable system operators, programmers and equipment suppliers have scrambled into position, forming joint ventures or buying into consortia bidding for the UK licences.

Among the U.S. companies eager to enter what they see as the "ground floor" of an emerging European industry are American Television and Communications, the second largest U.S. cable system operator owned by Time Inc. Comcast Cable Communications, Viacom International and Cox Cable, together with programmers like Home Box Office, also owned by Time Inc. and equipment suppliers like Oak Industries and General Instrument.

The prize the U.S. companies see in Europe, according to one major cable operator, is "an unbelievable opportunity to make money" — and a chance to avoid some of the mistakes and excesses of the U.S. experience.

The industry in the U.S. is composed of three basic elements: system operators, cable system operators, who are responsible for distributing the service; and programmers, who make the infinite variety of shows which tempt the potential subscriber.

After paying a basic monthly fee, the subscriber can often receive over 30 channels of "free" programmes, including those put out by the big three national TV networks and special ones designed for cable and supported by advertising. On top of that, he can pay extra for premium channels, showing special attractions, such as non-stop films.

The choice ranges from 24 hours-a-day sport to non-stop rock and roll, from soft-core movies to Walt Disney cartoons. Some cities have "interactive" systems which allow viewers to order goods or answer polls via their TV sets — and down the road lines the prospect of such services as home banking.

Eight years ago, there were fewer than 10m U.S. cable subscribers. By the end of this year around 31m U.S. households, or around 37 per cent of total households with TV, are expected to have sized up for cable, and the number is growing at around 130,000 a month according to Paul Kagan, a

Britain enters the cable TV era later this month when the Government awards the first UK franchises. In the U.S., cable is already a well-established industry and now reaches about 31m households. But together with this remarkable growth has come financial problems for many companies. The industry is therefore now in the throes of a substantial "shake-out."

### West coast-based industry analyst

By the end of this decade, Wall Street experts believe cable systems will be available to about 80 per cent of the U.S. population with television sets. This phenomenal growth, far from easing the U.S. cable industry's current problems, has been one of its main causes.

Cable system operators, who went on a "building spree" in the late 1970s, became overconfident. As the number of subscribers grew, often exceeding expectations, many of the major system operators began a bidding war for new franchises.

### The European prize: 'an opportunity to make money'

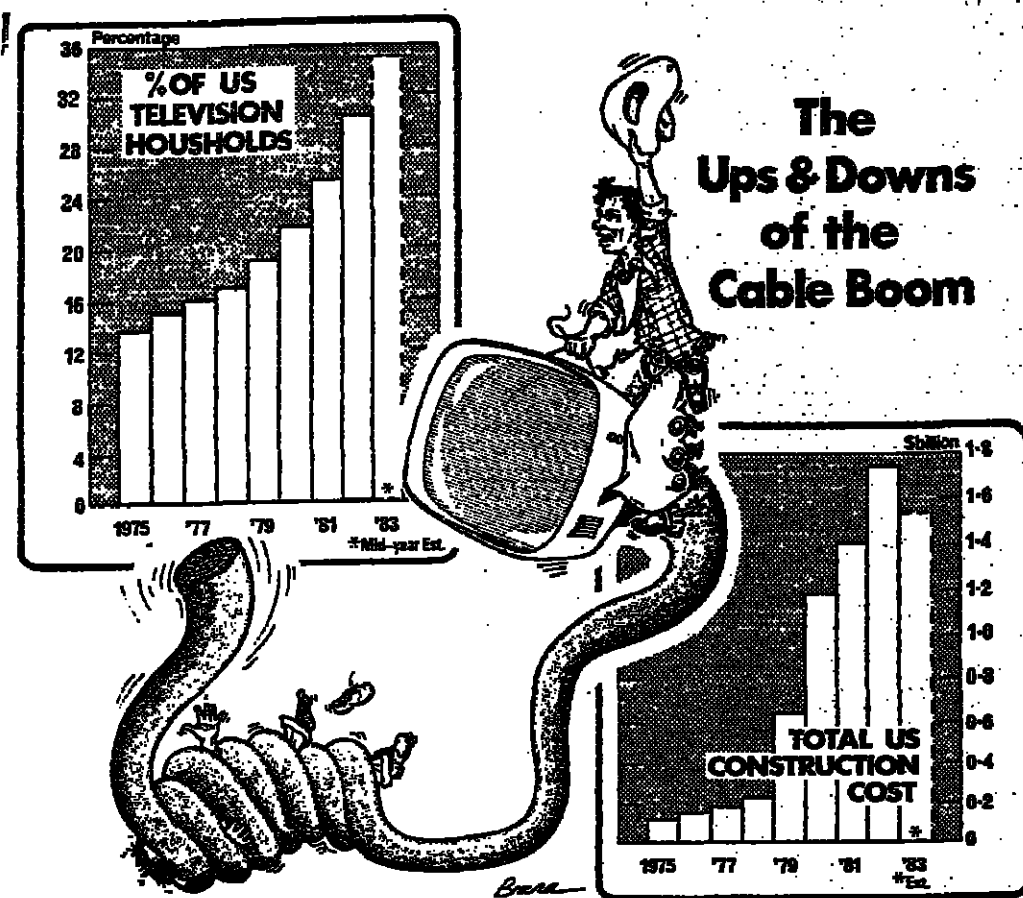
"Suddenly there were too many bidders for deals," says Mr Bob Magness, chairman of Telecommunications, one of the few system operators that hung back.

Instead of aggressively bidding to build new systems, Telecommunications set about acquiring established cable system operators. Today Telecommunications, which is 41 per cent owned by Mr Magness and his wife, is the biggest cable system operator in the U.S. — with 2.2m subscribers — and has one of the healthiest earnings records.

In contrast, some of the other operators who entered local authority franchise battles "found themselves agreeing to do things that did not make economic sense," says Edward Dunleavy, an analyst with Salomon Brothers.

In some cases the cable companies, in their enthusiasm to win big UK franchises, offered

By Paul Taylor in New York



## The Ups & Downs of the Cable Boom

That announcement may well have signalled an end of an era not only for Warner/Amex but also for the cable industry in the U.S. as a whole.

The industry believes that many of the construction projects currently under way may have to be renegotiated on terms more favourable to the companies.

In the meantime Wall Street expects the cable operators to concentrate on revamping their managements and on turning existing cable systems into the highly profitable money machines that many believe they could still turn out to be.

### Few doubt that the industry will recover

posol to bring some of the big U.S. film studios into the deal. Indeed, the anti-trust objections.

Among the advertiser-supported television channels offering services to cable, the failure rate is even higher and few are profitable.

The recent casualties have included CBS Cable, which lost \$50m before its parent closed it down, and Cable Health Network, owned by Viacom, which is merging with Daytime, owned by ABC and Hearst, the publishing group.

The most recent and perhaps most spectacular example of the problems in the programming sector was the decision of Viacom and Westinghouse to call off the battle with Turner Broadcasting's cable news network and sell their jointly owned rival, Satellite News Channel, to Turner for \$250m after reportedly losing \$100m. Turner, owned by the fam-

ing among the cable television programmers themselves. Indeed the shake-out in the cable programming field is considerably more pronounced than among the system operators.

Only two of the premium services, Home Box Office and Showtime, a similar channel which pipes 24-hour-a-day movies into the living room, are currently profitable.

Two months ago Showtime, which is owned by Viacom, and The Movie Channel, owned by Warner/Amex, were merged into a joint venture run by Viacom after an earlier pro-

### Few doubt that the industry will recover

posol to bring some of the big U.S. film studios into the deal. Indeed, the anti-trust objections.

Among the advertiser-supported television channels offering services to cable, the failure rate is even higher and few are profitable.

The recent casualties have included CBS Cable, which lost \$50m before its parent closed it down, and Cable Health Network, owned by Viacom, which is merging with Daytime, owned by ABC and Hearst, the publishing group.

The most recent and perhaps most spectacular example of the problems in the programming sector was the decision of Viacom and Westinghouse to call off the battle with Turner Broadcasting's cable news network and sell their jointly owned rival, Satellite News Channel, to Turner for \$250m after reportedly losing \$100m. Turner, owned by the fam-

## Letters to the Editor

### Opticians

From the Secretary, Federation of Optical Corporate Bodies

Sir, — I read with interest your report (November 14) of Sir Gordon Borrie's Hampton lecture in which he again criticised the publicity rules of the General Optical Council which restrict the ability of opticians to advertise.

Many opticians have genuine grounds for firmly believing that advertising optical appliances prices is likely to be potentially misleading to the public. The main reason for this is that an optician must first know a person's prescription and their individual requirements before any quotation can sensibly be given for a particular pair of spectacles which will be suitable to their needs. Also since opticians would have to bear the cost of advertising, some find it a little difficult to understand how this additional on-cost would help to reduce the average price of spectacles. Most opticians can already offer a budget price range of private spectacles and the notion that, if the GOC were to permit price advertising, this would somehow lead to cheaper spectacles is likely to prove a snare and a delusion.

The federation strongly believes in the need to provide the public with as much information as possible about optics. The federation will continue with its efforts in this direction whatever decision is ultimately reached with regard to advertising by opticians.

A. P. D. Westhead,  
22, Nottingham Place, W1.

### Jobs

From the Director of Information, Greater London Enterprise Board

Sir, — I was surprised to read (November 15) that Mr Bryan Cassidy, the Greater London Council opposition spokesman on industry and employment,

had not been informed of the Greater London Enterprise Board's list of approved investment projects. Each quarter Mr Cassidy, and the other members of the GLC Industry and employment committee, receive a very full report about the operations of the GLC.

Thus the quarterly report to June 30 gave a cumulative list itemising all the projects, including the number of jobs to be created or preserved, which had been approved by the GLC to that point. The GLC is now being sent the report to September 30 which updates this list and fully justifies the claim that around 1,200 jobs will be preserved or created as a result of the commitment of £3m by the GLC to some 90 different investment projects.

Not only have we provided this information regularly, we have invited Mr Cassidy and his colleagues to inspect a number of our GLC supported enterprises. I am sure when he does so he will see the vital contribution which the GLC is making, not only to the provision of new jobs, but to tackling the long-term decline in London's industrial base.

John Palmer,  
63-67, Newington Causeway, SE1.

### Telecom

From Sir John Mallabar

Sir, — I have read with some amusement the anti-privatisation of British Telecom advertisement in your issue of November 11 headed "You must have been out of your mind." The implication is that the present service is efficient.

For some time past I have received some four or five calls a week intended for the Japanese Embassy, which most certainly is not operating from my flat. On average I receive some two or three other calls a week from people calling numbers not remotely resembling mine. When my number was 930 7121 I was frequently the recipient of calls — often in

the middle of the night — intended for Scotland Yard. So much for efficiency.

Although I appreciate that telephones have now been split from posts, I cannot help putting on record that on Sunday, November 6, I posted a letter to Virginia Water with a first-class stamp. It was collected from the letter box on Monday and post marked November 7. It was delivered a virgin in Water on Thursday, November 10.

I made a sad mistake by adding a wax seal to a letter sent to Guildford recently, enclosing a cheque and bearing a first-class stamp. It was never delivered, although the cheque was never presented for payment. Was the seal an indication of value?

Is this efficiency?  
(Sir) John Mallabar,  
39 Arlington House,  
St. James's, SW1.

### Investing

From Mr H. Holmes

Sir, — John Moore reports (November 15) that the Stock Exchange survey of share ownership finds that the "final salary" pension is a reason for not investing directly in equities as an individual.

It is entirely because of the sense of security derived from the prospect of such a pension that I was encouraged to become a private investor in a risk area. There is no reason why others should not also be direct investors. Once initial diffidence is overcome, it is a simple, easy to understand medium.

The current tax efficient concessions, £5,300 a year capital gain free of any tax and then a flat rate of 30 per cent on the balance irrespective of one's possibly higher personal rate more than match anything the funds can offer. And any losses can be carried forward to offset future year's gains!

Perhaps the real reasons for declining individual investment are a combination of

hard selling by the fund managers and laziness by the individuals — it does involve some effort being a private investor.

H. E. H. Holmes,  
26 Burlington Avenue,  
Kew Gardens,  
Richmond, Surrey.

### Electronics

From the chairman and chief executive Wayne Kerr-Randall

Sir, — I was interested to read (November 14), Mr Jason Crisp's summary of the Cambridge Econometrics' study of the electronics industry although I have not read the full survey.

It is well known in the world that the last thing to do is to underestimate the British. This however, does not seem to prevent the British from so doing, especially the academic.

Having recently returned from the Wescon exhibition in San Francisco where the growth of the electronics industry through the 1980s was being forecast by several important and knowledgeable American contributors, I wondered whether I was in the same world as the authors of the Cambridge report. It is my sincere belief that it is they who are in "Dismal-land" rather than I in "Wonderland."

The most extraordinary item is the suggestion that those involved in military procurement will be sustained while others will stagnate. I can only say that those with a more intimate knowledge of electronics could not and would not concur.

Alan P. Dennis,  
Durban Road, Bognor Regis, Sussex.

### Health

From the Deputy Director of Health Economics

Sir, — I refer to the article (November 15) on the strategy of the World Health Organisation towards third world health. I would like to make it clear that neither I nor the Office of

Health Economics are in any doubt as to the desirability of encouraging the development of better primary health care systems right across the world. Nor do I question the wisdom of concentrating on the supply of a limited range of basic low cost pharmaceuticals to populations currently so poor and underserved that they have no regular access to modern medicines and the benefits they may bring.

D. G. Taylor,  
12, Whitehall, SW1.

### Farmers

From the Chairman, Parliamentary Committee, The National Farmers' Union

Sir, — John Cherrington in his Farmers' Viewpoint on October 28 puts his finger on the real issue underlying the availability, or lack of it, of farms for young entrants — the present profitability of farming. None of us would wish to see an agricultural slump, but the balance between the demand for and the supply of farms to let will not be restored whilst agriculture remains at its present level of profitability. However, I believe that the agreement reached by the NFU and CLA, now translated into the Agricultural Holdings Bill, will help sort out some of the pressing problems facing the tenanted sector of agriculture today.

Nevertheless, I must take issue with John Cherrington's assertion that the NFU has not consulted nor heeded the representations of its grass-root members. We did in fact carry out a major consultation exercise in early 1980 before negotiations with the CLA, and have recently followed this up with a further detailed consultation of our County Branches.

Although it is true that land agents representing the institutions have recently been appearing in print to criticise the proposed rent formula, I must point out that the NFU, together with the other professional bodies, did give their

## What all serious investors think about every week...

If you really want to take investing seriously you need to have access to the right information to help you find the real opportunities for making money on the stockmarket. The IC NEWS LETTER can give you just the advice you need to adopt a successful investment strategy. And it is delivered to its subscribers every week — bringing share recommendations, regular follow-up guidance and expert stockmarket comment.

And, just in case you're not convinced of its pedigree, the IC NEWS LETTER is affiliated to the FINANCIAL TIMES and the INVESTORS CHRONICLE.

Beating the market in 1983  
This year the IC NEWS LETTER has identified some exciting new opportunities for its subscribers. The essence of successful investment is to buy and sell when the market for a particular share is right. Just look at the percentage increase in these recommendations compared to the Index.

Share	% increase on recommended price*	% change in FT All Share Index*
Atlantic Resources	47.81	+8.2
Micro Focus	107.5	+8.2
Nell & Spencer Hides	62.2	+0.3
Spicer & Jackson Int.	60.0	+6.5

\*All 400p we recommended selling sufficient stock to leave remainder in for 100p.  
\*As January 1983 Nap Shares are showing an average gain of 24%, led by Telford's UP 64%, URM UP 40% and Crested International UP 45%.

Subscribe now and take advantage of our special no-risk offer. The best way to judge the performance of the IC NEWS LETTER is to see it for yourself. That's why we are making this special no-risk offer to new subscribers. If you subscribe for one year we guarantee that if during the first 4 issues you are not satisfied with the IC NEWS LETTER you can have a FULL refund of your payment. Should you wish to cancel your subscription after this we will refund the outstanding portion of your payment.

The 1984 Nap Shares will be revealed in the IC NEWS LETTER dated January 4, 1984. To make sure of your regular copy of the IC NEWS LETTER and the Nap Selection issue simply fill in the coupon and post it without delay. After all, really it is time you took investing seriously.

### THE FINANCIAL TIMES BUSINESS PUBLISHING LIMITED

Typeset in 11/12

IC News Letter

Point to Marketing Dept., IC News Letter, 100, Old Broad Street, London EC2M 1JH. (No stamp needed in UK)

Important! This is not an official recommendation to IC News Letter which includes 24 January 1984. No selection issues.

I understand that I am not entitled to IC NEWS LETTER during my first 4 issues and will be able to cancel my subscription at any time within the first 4 issues.

IC News Letter is published weekly on Thursdays. It is not a financial recommendation. It is a guide to the stockmarket.

IC News Letter is published weekly on Thursdays. It is not a financial recommendation. It is a guide to the stockmarket.

IC News Letter is published weekly on Thursdays. It is not a financial recommendation. It is a guide to the stockmarket.

IC News Letter is published weekly on Thursdays. It is not a financial recommendation. It is a guide to the stockmarket.

IC News Letter is published weekly on Thursdays. It is not a financial recommendation. It is a guide to the stockmarket.

IC News Letter is published weekly on Thursdays. It is not a financial recommendation. It is a guide to the stockmarket.

IC News Letter is published weekly on Thursdays. It is not a financial recommendation. It is a guide to the stockmarket.

IC News Letter is published weekly on Thursdays. It is not a financial recommendation. It is a guide to the stockmarket.

IC News Letter is published weekly on Thursdays. It is not a financial recommendation. It is a guide to the stockmarket.

IC News Letter is published weekly on Thursdays. It is not a financial recommendation. It is a guide to the stockmarket.

IC News Letter is published weekly on Thursdays. It is not a financial recommendation. It is a guide to the stockmarket.

IC News Letter is published weekly on Thursdays. It is not a financial recommendation. It is a guide to the stockmarket.

IC News Letter is published weekly on Thursdays. It is not a financial recommendation. It is a guide to the stockmarket.

IC News Letter is published weekly on Thursdays. It is not a financial recommendation. It is a guide to the stockmarket.

IC News Letter is published weekly on Thursdays. It is not a financial recommendation. It is a guide to the stockmarket.

IC News Letter is published weekly on Thursdays. It is not a financial recommendation. It is a guide to the stockmarket.

IC News Letter is published weekly on Thursdays. It is not a financial recommendation. It is a guide to the stockmarket.

IC News Letter is published weekly on Thursdays. It is not a financial recommendation. It is a guide to the stockmarket.

IC News Letter is published weekly on Thursdays. It is not a financial recommendation. It is a guide to the stockmarket.

IC News Letter is published weekly on Thursdays. It is not a financial recommendation. It is a guide to the stockmarket.



# Over to you Sir Kenneth

THE FIRST thing to be said about the report on the Metropolitan Police, just published by the Policy Studies Institute, is that it is almost certainly the largest, longest, and most detailed study ever carried out on any police force anywhere.

The disadvantage of a study which runs to over 1,000 pages is that very few people will actually read it.

The idea of an independent study was launched in 1979 because the then Metropolitan Police Commissioner, Sir David McNee, was worried by the deterioration in relations between the police and the public.

But it is a racing certainty that the impression most likely to be encapsulated in the popular media is that the study is another damning indictment of the Metropolitan Police, brimming with juicy allegations of wrongdoing.

This would be a great pity, partly because it would not be a true and fair account of the totality of the report, and partly because another wave of populist abuse of the police can only undermine the prospects for reforms which the present Commissioner, Sir Kenneth Newman, is trying to prepare.

To be sure, anyone looking for sticks to beat the police with will find quite a large number of them in the report. Vast numbers of people (at least 1.5m a year) are stopped in the streets of London but

## Major problem in relations with young blacks

a substantial proportion of these stops are made without good enough specific reason in terms of the law and less than 10 per cent of these stops result in an arrest or a report. Moreover, the police do make arrests, they commonly break the rules in the ways they try to get evidence.

Outright fabrication is probably rare—though at least one instance was observed by the researchers in their extensive fieldwork—but “adjustment” of evidence (“gliding the lily” in police parlance) is more common. Officers often override suspects’ rights, both in terms of formal procedure and in terms of bullying; and the police themselves believe that a small but significant minority of officers regularly show rudeness or use excessive force.

One of the most baffling topics in the study is the treatment of police relations with ethnic minorities. Some past studies have seemed to show



Mr Oavid Smith, Senior Fellow of the Policy Studies Institute, pictured with his report on the Metropolitan Police, “Police and the People in London”

that young blacks are stopped and arrested, not merely far more frequently than whites but on a scale so out of proportion either to their share of the population or their plausible responsibility for crime, that the police may reasonably be suspected of racial prejudice. The new study vividly confirms not merely that racism is rampant in the police force but that it is virtually an expected norm in the police sub-culture and one which senior officers do little or nothing to combat.

The researchers insist, over and over again, that the casual and semi-automatic racism of language in the canteen or patrol car does not in general carry over into racist action. “It would be quite wrong to assume that the police discriminate against members of minority groups or regularly behave towards them in a hostile manner.” At the very least, this is a surprising judgment.

At all events, it is clear that the police have a major problem in their relations with young blacks. The young, of whatever colour, are more likely than their elders to have “negative contacts” with the police (i.e. be treated as suspects or trouble-makers) and there is a close correlation between the frequency of negative contacts and distrust of the police. Whereas the study says there is a “dangerous” lack of

between the numbers of senior positions and the numbers of senior officers, that any promotion leads to “musical chairs” with the result that senior officers are rarely long enough in one place to know the men under their command. This is a classic recipe for ensuring that the priorities and activities of constables are effectively self-defined, and largely escape direction.

There is a quasi-rational justification for the priorities adopted by constables in that it seems to fit some of the expectations of the man in the street, who wants the police fast in an emergency, and who wants the police to do something about crime. Yet most thinking policemen know perfectly well that there is rather little that the police can do about crime, except at the margins.

Nevertheless, the most optimistic conclusion of the study is that quite practical things can be done to rectify police shortcomings, not by drafting tighter rules and stricter laws, but by improving the management of the force and by developing more coherent strategies for police activity.

## Top priority is an exciting car chase

activity which has been under way in the year since Sir Kenneth Newman took over.

In its comments on the PSI report, the Met claims to be in the process of making a large number of practical reforms which meet some of the criticisms—local consultation, public opinion surveys, training and so on—as to produce more purposeful policing.

But in his most ambitious project to formulate a new code of ethics and professional conduct (the first such attempt since 1829), Sir Kenneth is aiming to reform the entire ethos of the Met. Given the closed nature of the police sub-culture, the strains between the police and sections of the public, and the adverse comment likely to flow from the PSI study, that may be a tall order. But an improvement in coherent, purposeful police strategy would certainly help.

see, broken up only by clearings for tiny villages ringed by fields.

A little closer, types can be distinguished. The ones with pointed tops are Norway spruces which the English think of as Christmas trees; the flatter ones are silver firs if they have grey bark, pines if red. A few larches stand out in the sunlight; and there is the occasional beech.

Closer still, each tree is dying, in a different way. An old fir shows the blue sky through its crown. Spruce branches droop wearily—what foresters call the “tinsel effect,” as if overburdened by indulgent parents on Christmas Eve. Another has lost great strips of bark to beetles.

Saplings have turned yellow or have lost all but this year’s needles and even those are deformed. Some beeches have curious indentations in their leaves, as if they were struggling to turn into oaks. “It’s like being at a graveside,” says Herr Christoph Leinss, forester of the Altescheid area of the Black Forest.

The German forest, a priceless resource and at the very centre of Germans’ notions of themselves and their world, is desperately sick and nobody is quite sure why. A recent government-backed report blamed acid rain as a principal culprit.

A census carried out by foresters for the Bonn Agriculture Ministry in the summer showed that 34 per cent of West Germany’s woodland, which itself covers a third of the country, was damaged. Hardest hit are the conifers, which with the exception of the larch do not shed their needles annually.

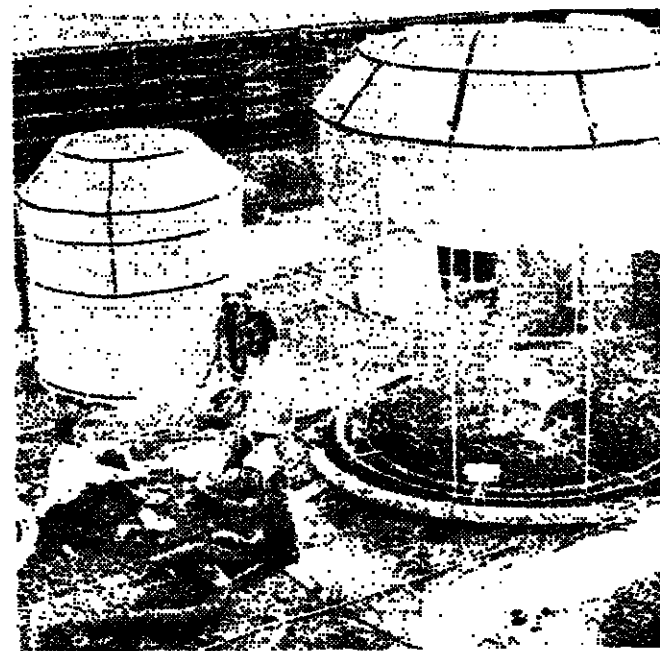
The quarters of the fir population—a fairly delicate tree which grows primarily in the southern states of Bavaria and Baden-Wuerttemberg—is sick. In Herr Leinss’ part of the Black Forest there is hardly a healthy tree left. Spruces, the most valuable of Germany’s softwoods, and the bread and butter of the timber industry, are 40 per cent damaged as are the pines. A quarter of the country’s beeches, the most common and valuable tree in central Europe, are unhealthy.

Across the border in East Germany, and above all in Czechoslovakia and Bohemia, the picture is not as well documented but is probably as catastrophic. It is not simply the West German timber industry, worth about DM 3.5bn per annum, and the half-million or so private landowners, who are alarmed that prices will fall because of the foresters’ drastic felling this year.

The entire population is up in arms. A survey conducted in midsummer by the Altescheid

## ‘It’s just like being at a graveside’

By James Buchan in Bonn



Trees being used for research into acid rain at Stuttgart-Hohenheim University in West Germany

Institute revealed that 99 per cent of those asked had heard of Waldsterben—the death of Germany’s forests. More of the respondents were concerned about the woods than about the Pershing-3 missiles which may one day be unleashed from amid them. More than 60 per cent were ready to pay a special tax to save the Forest.

There have been inexplicable tree blights in the Black Forest before. What distinguishes this year’s Waldsterben—or “Forest Damage of a New Sort” as it is more soberly known—is the speed and extent of the devastation. Even last year, a tree census, admittedly now criticised for lack of thoroughness, showed damage to only 8 per cent of the country’s woodland against today’s third.

It looks as if we have crossed some sort of threshold of tolerance after which it’s sharply downhill,” says Herr Ralf Burg, an adviser to the Greens party in the Baden-Wuerttemberg parliament.

The key question is, why are the trees at Altescheid, miles away from any industry and in an area famed for the curative properties of its air, dying.

The blight, which began with the firs in the 1970s and has spread to the other species only in the past couple of years, was at first ascribed to hot summers, above all the Sonnenjahr of 1976.

When succeeding years showed no let-up in the damage, the theory of “acid rain” became current. This supposes that sulphur dioxide from industry, and nitrogen oxides—mainly from vehicles—mix with moisture and oxygen and precipitate as sulphuric and nitric acids.

This theory was attacked when trees growing on alkaline soil, as in the Schwäbische Alb or in Bavaria, were also found to be dying at an alarming rate. A battle royal broke out in the German scientific community.

“Mycologists say it’s fungus, bacteriologists say it’s bacteria, virologists that it’s viruses,” Herr Juergen Schmidt of the Baden-Wuerttemberg agriculture ministry says. Economic interest groups, which are well organised in Germany, smoothly proposed that everybody should wait till the causes were known.

In a monumental report last

Experts rejected arguments that the plague was simply a matter of bad forestry, monoculture or drought and frost. The Commission suggested that airborne material such as sulphur dioxide, the nitrogen oxides, heavy metals and photo-oxidising agents were the prime offenders. They then left the trees exposed to secondary damage from the weather, bacteria or the bark beetle. “We have at least identified the ring-leaders of the gang,” Herr Ulrich Lochmann of the Baden-Wuerttemberg Ministry of State says.

Even before the Commission’s report, the conservative parties had moved to take over the Greens’ ground. Herr Spaeth has since opened a new research centre into the problem and campaigned tirelessly at the Stuttgart EEC summit in June. The Bonn Government pushed through a Bill requiring all new power stations to be equipped with gas scrubbers to cut sulphur dioxide emissions by a third. The industry says this can cost up to DM 200m per plant.

Meanwhile, Bonn has stuck its neck out by ordering that from 1988, all new cars must be fitted with American-style catalysators to cut out the nitrogen oxides—a condition for which is lead-free petrol. Not to be outdone, the Social Democrats have transformed their last Transport Minister, Dr Volker Ilau, into an environment spokesman. And as for the Greens, Herr Franz Unterstell in Stuttgart admits the other parties have caught up in their recognition of the problem, while saying the state and federal measures are wholly inadequate.

Industry is now worried, with the German Federation of Chambers of Commerce wailing appealing to the parties not to outdo one another to the detriment of the economy.

Germany cannot solve its problems alone. The wind that blows through Altescheid’s woods has come from Alsace. “The French used to regard this as a German problem but they are coming round to the need for a European solution,” says Herr Lochmann, reporting on Herr Spaeth’s vigorous diplomacy over recent months.

Meanwhile, West Germany exports to France and East Germany only slightly less sulphur dioxide than it imports. The Bonn Government intends to convene an international environmental conference in Munich, with participation from eastern Europe and the Soviet Union.

Whether all this can save the Altescheid trees is open to question. “It’s all been so quick,” Herr Leinss says, “too quick for natural selection of the robust trees.”

Herr Lochmann also raises a more chilling prospect: “Thank God, trees are more sensitive than human beings and have reacted first.”

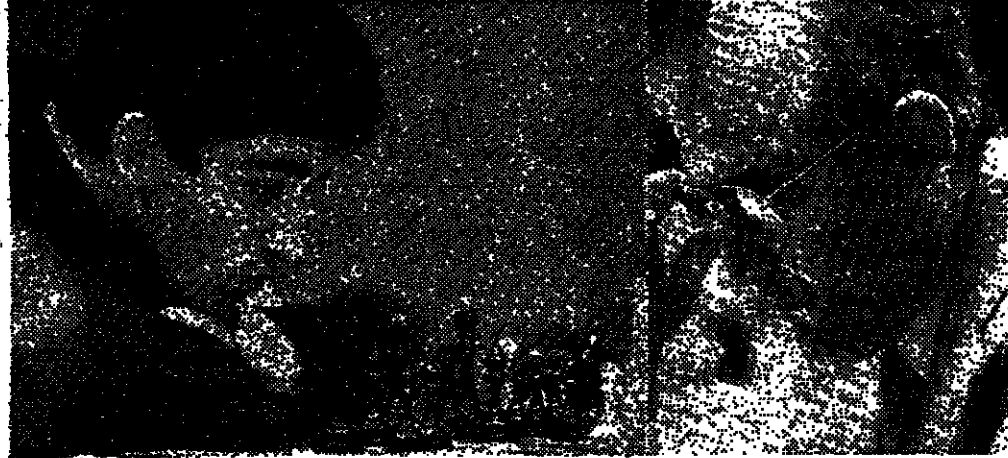
## Weekend Brief

### Russian knights of the chessboard: Red v. White

AT FOUR O’CLOCK on Monday afternoon Victor Korchnoi and Gary Kasparov will face each other over the chessboard in London’s Great Eastern Hotel to play the first moves in the crunch match of the Acorn Computer World Chess Championship semi-finals.

It is the first time that the final stages of the World Chess Championship have taken place in this country. According to the English chess Grandmaster Raymond Keene: “This is the most important chess event to take place in this country since the London International Tournament of 1851.”

Korchnoi and Kasparov are generally agreed to be the most charismatic and explosive chess-players of the moment. Korchnoi is well known in the West from his two unsuccessful



The young Kasparov and the Soviet defector, Korchnoi

attempts to wrest the world chess championship from its holder since 1975, the USSR’s Anatoly Karpov. Those encounters in 1978 and 1981 were marked by great acrimony, chiefly because Korchnoi is a defector. In 1976, after a tournament in Amsterdam, he walked into a Dutch police station and obtained political asylum. He is now a Swiss citizen, and regularly denounces the Soviet Union.

Gary Kasparov is the most prodigious player that the chess world has seen since Bobby Fischer of the U.S. Twenty

years old, he is second only to Karpov in the world chess rankings. He was born Garik Weinstein of a Jewish father, in Baku, the capital of the Soviet republic of Azerbaijan, next to Iran and the Caspian Sea. His name was changed to Kasparov, a Russian version of his Armenian mother’s maiden name, when he was 12. At the age of 16 he astonished the chess world by annihilating a very strong field of grandmasters in a tournament in Yugoslavia. Since then he has lived with the tag of “future world champion.”

If he succeeds in reaching a match with Karpov next year, and wins, he will be the youngest-ever chess world champion. But first he will have to overcome the indefatigable 32-year-old Korchnoi in the best of 12 games in the match which starts in a couple of days. On paper Kasparov looks an overwhelming favourite. But it will be only the second full-scale match he has played. Chess matches put a great psychological strain on the participants, much more so than tournament play. And Korchnoi, the most experienced match player in

the world, is sure to have subjected Kasparov’s recorded games to prolonged and searching analysis.

The other semi final which also starts at the Great Eastern Hotel, on Tuesday, has attracted far less attention, because it is believed that neither participant will stand much chance against the winner of the Korchnoi-Kasparov match. For the record, the other match is between Zoltan Ribli of Hungary and Vasily Smyslov of the USSR. For Smyslov, this represents a remarkable come-back: he was world champion in 1957, six years before Kasparov was born.

The matches had in fact been scheduled to take place in California and Abu Dhabi in August. But the USSR objected to the venues. The matches were bid for a £50,000 offer, by Acorn Computer, carried the day against the various efforts of Austria, Holland, Yugoslavia and Spain.

What does Anatoly Karpov, the world chess champion think of the match between his two main rivals? Talking to me in London this week he said: “Kasparov should win quite comfortably. But he is, like Fischer, a nervous man at the beginning of an event. If things start badly for him, then it could be very close.”

### Why doesn’t industry appreciate young designers?

“The biggest degree show ever,” is how one way describes the dazzling display of work from 80 British colleges of art and design which will be unveiled on Wednesday at London’s Barbican Centre, that monument to the inhumanity of modern building design.

But the exhibition, starkly entitled “Young Blood” and showing 2,000 pieces of work, from jewellery to computers, is more than just the largest shop window of design students’ efforts anyone has assembled since the British art school system was founded in the mid-19th century.

Attached to the display, which will brighten the Barbican’s drab concrete halls until mid-January, is a series of three ambitious day-long public “Enquiries” into the strengths and weaknesses of design education. Into the future of the design profession, and into the apparent inability of British industry to emulate the way its foreign competitors exploit the talents of UK designers.

The exhibition and the enquiries are the brainchild of three men: Leonard Stoppani,

principal of the West Surrey College of Art and Design, and two well-known luminaries of the Royal College of Art’s Design and Research Unit, Professor Bruce Archer and Ken Baynes.

The accomplished feat—in spite of the bitter internal politics of the academic world—of attracting participation and support from virtually every art and design college in Britain.

There is one notable exception: the Royal College of Art itself. It has held aloof on the grounds that it is the only purely postgraduate art and design institution in the country, and that “the categories under which the exhibition is organised do not correspond with the decision-making groups within the College.”

Such haughtiness has provoked all sorts of scurrilous comments, such as “the College is afraid that the work of its expensively-funded students will not stand comparison with the output of all those poorer and less elevated establishments.” It has certainly missed an ideal opportunity to rebut some of the long-standing complaints that it is failing to fulfil its role of training top designers for industry. Allegations that the College is an over-academic ivory tower are one of the issues at the centre of the internal turmoil which resulted this summer in the resignation of its Rector, Dr Lionel March.

### ‘Come back Sophia Loren, all is forgiven’

FROM the cinema industry which gave you *La Dolce Vita*, *Satiricon* and spaghetti westerns, too numerous to mention, now comes a true-life tale of art and commerce, a financial thriller about the future of one of Italy’s biggest film companies. This week saw the dramatic resignation of Renzo Rossellini, son of the famous Italian director, Roberto Rossellini, and managing director of Gaumont-Italia, the troubled subsidiary of Gaumont of France.

Rossellini junior’s departure set the Rome-based film industry buzzing with gossip and dire predictions about the crisis it represented. Most of all, however, it led to the admission by more than one Italian film aficionado that the industry’s Public Enemy Number One is not recession, but “the dreadfully commercial John Travolta.” “The fact that American films are now taking 75 per cent of the box office could deal a definite strategic defeat to the European and Italian cinema,” warned Rossellini in an interview. “How can we compete with this commercial rubbish like *Flashdance* and *Staying Alive*?” asked one disgruntled Gaumont employee.

Gaumont-Italia was formed in

1978. Since then it has employed most of the country’s leading directors, including Federico Fellini. But the film-going public in Italy is not squawking about the aesthetic elegance of Fellini’s newest film *And The Ship Sails On*, an Oscar candidate for 1984. It just wants shoot-em-ups from Hollywood and the larger than life image of Mr Travolta’s sweaty triceps.

As if this were not enough, the film industry is finding it increasingly difficult to compete with Italian television, which on any given night will show a dozen films, several of them quite recent. This week, for example, Italians could sit in their living rooms and watch *Hephisto*, *Kramer* reruns *Kramer*, as well as the morose visceral Burt Reynolds, Clint Eastwood and Raquel Welch.

Although Gaumont-Italia has co-produced a number of films with RAI, the Italian state television network, these have not been very profitable. And a number of unofficial private television networks are showing enough films to keep box office takings down.

Of the 14 films Gaumont-Italia has made this year, all but four of them have been losers. Fellini’s latest, for example, was described bluntly by one Gaumont man as “a big flop.” The film cost £3m (£2.1m) to make, a bargain by Hollywood standards. But it is expected to gross only £1.5m and Gaumont-Italia reckons it

will lose much of the £700m (£300,000) it has invested in the project.

Gaumont-Italia has also come in for criticism about the way it has expanded and diversified, both buying up cinemas and venturing into fields as disparate as publishing and night clubs. This year alone, Gaumont-Italia is expected to lose £5.5m (£2.3m), a whopping increase on its loss of £1.5m last year.

Renzo Rossellini has not made clear his precise reasons for leaving Gaumont, but a number of his critics blame him for being too interested in “beautiful art films” and not sufficiently intent upon the bottom line.

For the foreigner in Italy, it may seem a bit strange to see Gene Kelly sinning in the rain in dubbed Italian, but Kelly and the ever popular Clint Eastwood appeared to be more successful in capturing the imagination of the average Italian film goer than Fellini’s angst-ridden character. All of this led one Rome taxi driver to utter the Italian equivalent of “Come back Sophia Loren, all is forgiven.”

Contributors:  
Dominic Lawson  
Christopher Lorenz  
Alan Friedman

Dominic Lawson is a member of the organising committee of the World Chess Championship semi-finals.

## BUILDING SOCIETY RATES

	Share s/c	Sub'n shares	Others %
Abbey National	7.25	8.25	9.00 2-year Bondshare, 90 days' notice and penalty 8.25 High Option, 90 days' notice. No penalty 8.25 7 days' notice. No interest penalty
Aid to Thrift	8.50	—	—
Alliance	7.25	8.25	9.00 2 years, 3 months' notice/penalty 8.50 28 days' notice. Imm. withdrawal, 28 days' penalty 8.25 7 days' notice. No interest penalty
Anglia	7.25	8.25	8.75 3-year Bond. No notice, 3 months' penalty 9.50 Capital Share. No notice, 1 month's penalty 8.50 1 month's notice or on demand 8.25 7 days' notice
Bradford and Bingley	7.25	8.25	8.25 7 days' notice, 8.50 2 months' notice
Britannia	7.25	8.25	8.25 7 days' notice, 8.50 2 months' notice
Cardiff	8.00	8.75	—
Catholic	7.50	8.50	* Share account balance £10,000 and over 8.50 6-month deposits. Monthly income
Century (Edinburgh)	7.75	—	8.75 2/3 years. Details supplied
Chelsea	7.25	8.25	8.75 Immed. withdrawal (min. pen.) or 1 mth's not.
Cheltenham and Gloucester	7.25	8.25	8.25 Gold account £1,000 + no notice no penalties. Monthly interest, £5,000 minimum, 8.57 if compounded
Citizens Regency	7.50	9.00	8.40 plus account no penalty. Double option 8.50
City of London (The)	7.50	8.25	9.00 6 months' notice—no penalty
Derbyshire	7.25	8.50	9.00 8.25 1 month's not., 7.75-8.60 3 months' notice
Greenwich	7.25	8.50	8.50 (max.) at 28 days' notice/penalty
Guardian	7.50	—	8.75 3 months, £1,000 minimum
Halifax	7.25	8.25	8.25 Xtra Interest, 7 days' notice, no penalty 8.50 Xtra Interest Plus, 3 months' notice no penalty 9.00 High Growth Bond, 3 months' notice/penalty
Heart of England	7.25	8.50	9.00 8.25 5-day Notice Account.
Hemel Hempstead	7.25	8.50	9.25 2 years, 8.75 3 years, 8.50 3 months
Hendon	8.25	—	8.75 3 months
Lambeth	7.50	8.75	9.10 28 days plus loss of interest, 8.25 3 mths.
Leamington Spa	7.25	—	8.50 Top Ten, 8.75 Lion Share
Leeds and Holbeck	7.25	9.00	9.00 2 years with monthly int., 8.50 1 month's pen.
Leeds Permanent	7.25	8.25	8.50 Ex. Int. £500 min., 9.00 Bond 2 yrs. £1,000 min.
Leicester	7.25	8.25	8.25 3 months
London and Grosvenor	7.75	—	8.25 High Yield (1 month)
London Permanent	7.75	—	8.75 1-year term. Imm. wdl. with loss of 1% bonus
Midshires	7.25	8.25	8.25 7 days' notice, £500 minimum
Mornington	8.50	8.50	—
National Counties	7.25	8.58	9.10 28 days' notice £500 minimum
National and Provincial	7.25	8.25	9.10 1 month's notice plus monthly income
Nationwide	7.25	8.25	8.75 Capital Bonds, 3 yrs., £500 min. wdl. with 90 days' loss or notice. Bonus account 8.25, £500 minimum withdrawal, with 28 days' loss or notice 4 yrs., 9.00 2 yrs., 8.25 28 days' notice, or on demand with penalty, 8.50 90 days' notice, or on demand with penalty
Newcastle	7.25	8.50	8.75 8.25-8.75 on share accounts, depending on minimum balance over 6 months
New Cross	8.25	—	8.25 7-Day Moneyplaner, 7 days' not. wdl. no pen. 8.75 Premium Moneyplaner on demand 28 days' loss of interest on amount wdl.
Norwich	7.25	8.50	8.50 City Account, immed. wdl. with no penalty
Paddington	7.75	9.25	8.75 1 mth's not., or 1 mth's int. loss on sums wdl.
Peckham	8.00	—	8.25 1 month, 9.00 3 months' notice (no penalty)
Portman	7.25	8.75	8.75 Two months' notice, 8.25 no notice
Portsmouth	7.55	9.05	9.40 5 years, 9.00 6 months, 8.50 1 month
Property Owners	7.75	9.00	8.75 25 days, 8.75 3 months, 8.50 monthly income
Scarborough	7.25	8.50	8.25 Money Care and Free Life Insurance £1,000-£4,999 Sovereign, no penalties, no notice £5,000-£9,999, no penalties, no notice
Stroud	7.25	8.50	8.85 3 months, 8.25 1 month no penalty with notice
Sussex County	7.25	9.00	8.25 7 days' notice, 8.50 30 Sh. 7.50 Sh. a/c 2,500-
Sussex Mutual	7.50	9.00	7.75 9.00
Thrift	8.15	—	9.15 3 years' term. Other accounts available
Town and Country	7.25	8.25	9.00 2 yrs. 8.75 int. Monthly income wdl. fortnightly 8.50 28 days' notice or imm. withdrawal with penalty
Wessex	8.30	—	8.25 7 days' notice
Woolwich	7.25	8.25	8.50 90 days' notice or on demand (interest pen.) 9.00 2-year term, or 90 days' penalty (interest pen.)
Yorkshire	7.25	8.25	8.50 Diamond Key, 80 days' penalty or 2 months' notice without penalty

All these rates are after basic rate tax liability has been settled on behalf of the investor.



هكذا عند الجهل











## FOREIGN EXCHANGES

## Dollar firmer

The dollar continued to improve in currency markets yesterday, touching a record level against the French and Belgian francs and the Italian Lira. It also broke through the psychologically important DM 2.70 level against the D-mark to finish at a three-month high. Fears of higher U.S. interest rates and a sharp rise in U.S. M1 money supply this week were the principal factors behind the dollar's rise. Underlying support was provided by continued Middle East tension. The dollar closed at DM 2.7060.

Against the D-mark up from DM 2.6970 and SwFr 2.1875 from SwFr 2.1825. Against the French franc it rose to a record FF 8.2275 from FF 8.1975 and L1.635 compared with L1.6331. The Japanese yen remained very firm, with the dollar slipping to ¥236.10 from ¥236.15. On Bank of England figures the dollar's weighted index rose from 123.4 to 123.7. Sterling suffered in late trading after a sharp start. The trade weighted index fell to 83.6 from 83.9, having stood at 84.0 at noon and in the morning. It fell to its worst level since

March against the dollar, closing at \$1.4895-1.4705, a fall of 80 SwFr 3.23. It was also lower against the French franc at 12.0825 from FF 12.1150 and against European currencies, falling against the Japanese yen to slipping to DM 3.98 from ¥347.25 from ¥349.25.

## EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Current amount against ECU November 18	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	40.3360	46.0717	+14.28	+1.75	-1.5447
Denmark Krone	8.4600	9.1617	+8.28	+0.49	-1.6425
German Mark	1.0000	1.0000	0.00	0.00	0.0000
French Franc	6.5596	6.9396	+5.80	+0.28	-1.0642
Dutch Guilder	3.7603	3.9367	+4.69	+0.29	-1.4864
Italian Lira	2036.27	2267.47	+11.35	+0.49	-1.6889
Irish Punt	7.8866	8.3333	+5.66	+0.28	-1.4864

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

## THE DOLLAR SPOT AND FORWARD

	Nov 18	Day's spread	Close	One month	% Three months	% p.a.
U.S.	1.4895-1.4705	1.4895-1.4705	0.04-0.050 dls	-0.53	0.24-0.29 dls	-0.72
Canada	1.4715-1.4525	1.4715-1.4525	per-0.100 dls	-0.23	0.08-0.10 dls	-0.28
Norfolk	1.4515-1.4325	1.4515-1.4325	1/4-1/2 p	0.22	0.3-3 p	2.32
Belgium	80.60-81.10	80.70-80.80	50 p-1/2 dls	0.15	2-1/2 dls	0.32
Denmark	14.30-14.35	14.30-14.35	1/4-1/2 p	-1.05	2.50-2.75 dls	-0.98
Ireland	1.2750-1.2800	1.2750-1.2800	1/4-1/2 p	-2.08	0.85-1.00 dls	-2.50
W. Ger.	3.95-3.98	3.97-3.98	1/4-1/2 p	3.01	3-3 p	3.01
Portugal	187.75-188.75	188.25-188.75	180-370 dls	-10.55	500-1000 dls	-10.55
Spain	227.75-228.75	228.25-228.75	125-250 dls	-12.55	700-700 dls	-12.55
Italy	2.401-2.415	2.401-2.415	125-250 dls	-7.72	60-80 dls	-7.74
Norway	11.00-11.05	11.01-11.02	3.50-4.00 dls	-4.22	10.25-11.00 dls	-3.74
France	12.075-12.075	12.075-12.075	2-3 dls	-3.22	11-11 dls	-3.28
Sweden	11.57-11.75	11.67-11.85	2-3 dls	-2.25	1.35-1.50 dls	-2.29
Japan	345-349	348-349	0.85-0.75 p	2.78	2.50-2.35 p	2.78
Austria	27.95-28.05	27.95-28.05	0.85-0.75 p	3.08	2.75-1.85 p	2.78
Switzerland	3.20-3.22	3.21-3.22	1/4-1/2 p	1.50	1/4-1/2 p	1.50

## EXCHANGE CROSS RATES

	Nov. 18	Pound Sterling	U.S. Dollar	Deutsche Mark	Japanese Yen	French Franc	Swiss Franc	Dutch Guilder	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling		1.470	2.980	247.2	12.093	2.318	4.455	940.5	1.820	80.75	
U.S. Dollar		0.850	2.970	247.2	12.093	2.318	4.455	940.5	1.820	80.75	
Deutsche Mark		0.061	0.849	1.148	97.35	2.028	0.908	1.119	603.8	0.457	30.29
Japanese Yen 1,000		2.890	4.255	100.0	24.52	9.566	12.82	692.0	5.240	232.5	
French Franc 100		0.827	1.216	0.893	287.3	10.7	3.661	3.688	1987	1.906	66.78
Swiss Franc 100		0.811	0.857	1.075	74.59	9.758	1.768	2.447	139.1	44.38	
Dutch Guilder		0.285	0.330	0.894	17.59	8.718	0.725	1.158	558.7	0.566	25.10
Italian Lira 1,000		0.416	0.613	1.568	74.59	8.718	0.725	1.158	558.7	0.566	25.10
Canadian Dollar		0.850	0.898	1.187	100.8	8.545	1.768	2.447	139.1	44.38	
Belgian Franc 100		1.898	2.890	4.098	480.0	14.95	2.895	2.814	297.5	2.855	

## Revised shortage

UK clearing bank base lending rate 9 per cent (since October 4 and 5)

Day-to-day credit was in short supply in the London money market yesterday with the Bank of England forecasting a shortage of around £350m, later revised to £400m. Factors affecting the market included maturing assistance and a sharp up of Treasury bills together draining £170m and a rise in the note circulation of £20m. These were partly offset by Exchequer transactions adding £100m to the system.

The Bank gave assistance in the morning of £360m through purchases of £30m of eligible bank bills in band 2 (15-30 days) at 9 per cent and £20m of eligible bank bills in band 3 (31-60 days) at 8 1/2 per cent. In band 4 (61-90 days) it bought £10m of Treasury bills, £5m of eligible bank bills and £5m of eligible bank bills at 8 1/2 per cent. In the afternoon it gave further help of £40m, buying eligible bank bills in band 4 at 8 1/2 per cent.

## LONDON MONEY RATES

	Nov 18 1983	Sterling Certificate of deposit	Interbank	Local Authority Deposits	Local Authority Negotiable Bonds	Finance House Deposits	Company Deposits	Discount Market	Treasury Bills	Eligible Bills	Prime Bills
Overnight	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2
2 days notice	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2
7 days notice	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2
1 month	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2
3 months	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2
6 months	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2
9 months	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2
1 year	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2
2 years	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2

ECGD Fixed Rate Export Scheme IV. Average rate for interest period October 5 to November 1 1983 (inclusive) 9.39 per cent.

Local authorities and finance houses seven days' notice, others seven days fixed. Long-term local authority mortgage rates normally three years 10 1/2 per cent; four years 11 per cent; five years 11 1/2 per cent. Bank bill rates in table are buying rates for prime paper. Buying rates for four months' bank bills 9 1/2 per cent; four months' trade bills 9 1/2 per cent.

Approximate selling rates for one-month Treasury bills 9 per cent; two months 8 1/2 per cent and three months 8 1/2 per cent; one-month bank bills 9 per cent; two months 8 1/2 per cent and three months 8 1/2 per cent; one-month trade bills 9 1/2 per cent; two months 9 1/2 per cent and three months 9 1/2 per cent. Finance House Base Rate (published by the Finance Houses Association): 10 per cent from November 1 1983. London and Scottish Clearing Bank Rates for lending: 9 per cent. London Deposit Rates for sums at seven days' notice: 9 1/2 per cent. Treasury Bills: Average tender rates of discount 8.831 per cent. Certificate of Tax Deposit (Series 6). Deposits of £100,000 and over held under one month 8 1/2 per cent; one month 8 1/2 per cent; three months 9 1/2 per cent; six months 10 1/2 per cent. Under £100,000 9 1/2 per cent; from October 6. Deposits held under Series 4-5 10 per cent. The rate for all deposits withdrawn for cash 8 per cent.

## EURO-CURRENCY INTEREST RATES (Market closing rates)

(Market closing rates)							
Nov. 18	Short term	7 days notice	Month	Three Months	Six Months	One Year	
Sterling.....	9-9 1/2	9-9 1/2	9-9 1/2	9-9 3/4	9-9 3/4	10-10 1/2	
U.S. Dollar.....	9-9 1/2	9-9 1/2	9-9 1/2	9-9 3/4	9-9 3/4	10-10 1/2	
Deutsche Mark.....	9-9 1/2	9-9 1/2	9-9 1/2	9-9 3/4	9-9 3/4	9-9 3/4	
£ Guilder.....	5-5 1/2	5-5 1/2	5-5 1/2	6-5 1/2	6-5 1/2	6-5 1/2	
S. France.....	10-10 1/2	10-10 1/2	10-10 1/2	10-10 1/2	10-10 1/2	10-10 1/2	
Switzerland.....	9-9 1/2	9-9 1/2	9-9 1/2	9-9 3/4	9-9 3/4	9-9 3/4	
£ Franc.....	12-12 1/2	12-12 1/2	12-12 1/2	12-12 1/2	12-12 1/2	14-14 1/2	
French Franc.....	10-10 1/2	10-10 1/2	10-10 1/2	10-10 1/2	10-10 1/2	10-10 1/2	
Spain.....	9-9 1/2	9-9 1/2	9-9 1/2	9-9 3/4	9-9 3/4	10-10 1/2	
Italy.....	9-9 1/2	9-9 1/2	9-9 1/2	9-9 3/4	9-9 3/4	10-10 1/2	
Yen.....	5-5 1/2	5-5 1/2	5-5 1/2	6-5 1/2	6-5 1/2	6-5 1/2	
D. Krone.....	7-7 1/2	7-7 1/2	7-7 1/2	10-10 1/2	11-11 1/2	11-11 1/2	
Asia S. Sing.....	9-9 1/2	9-9 1/2	9-9 1/2	9-9 3/4	10-10 1/2	10-10 1/2	



**Esselt  
almos  
double**

14

FOR  
JANUARY  
NO. 1  
1964  
THE

Call  
1-800-...

Alfa-1  
makes  
U.S. BU

1. The first step is to identify the problem or question that needs to be answered. This involves understanding the context and the specific requirements of the task.

**C**

100

**AUTHOR**

## UNIT 1

[illegible]

1.                     

100

Alfred U. S. T.  
S. P. - L. T.

Balance  
 Cash  
 Other  
 Assets  
 Liabilities  
 Income  
 Expenses  
 Equity  
 International  
 Assets  
 Liabilities  
 Equity  
 Assets  
 Liabilities  
 Equity

25

Anderson, G.  
 62-10000-10  
 Anderson  
 Anthony, W.  
 19-10000-10  
 White, J.  
 De Ann

Amplitude: 5  
 7.2  
 10

[illegible]

## Archives

Barclays Un

...

[illegible]

100-443887-100

Bishopsgate  
to St James  
Engine Proc  
Acc Used  
Engine  
Return  
Barnard  
Car & Eng  
Account

10



## Essete almost doubles

By David Brown in Stockholm

ESSETE, THE Swedish office supply, graphics and packaging group, nearly doubled pre-tax earnings for the half-year ending September. Profits before exchange differences and extraordinary items rose from SKr 79m to SKr 141m (US\$18m) on sales up 21 per cent at SKr 3.8bn.

The group forecasts profits for the nine months ending December when it will shift to a calendar year—will grow from SKr 105m to SKr 270m on 18 per cent higher sales of SKr 5.5bn. For the 12 months starting January 1983 profits are forecast to climb from SKr 324m to SKr 450m and sales from SKr 6.6bn to SKr 7.8bn.

The latest improvement came mainly on foreign markets, where better demand permitted a reduction of unit costs. Particularly strong were the Dymo and Pendera divisions, with an exception being a UK subsidiary of the packaging division.

## Alfa-Laval makes \$9.7m U.S. purchase

By Kevin Dore, Nordic Correspondent, in Stockholm

ALFA-LAVAL, the Swedish dairy equipment and process engineering group, is to make its biggest U.S. acquisitions with the \$9.7m purchase of the Florida Capital.

It has signed a letter of intent to purchase all Florida Capital's shares at \$31 each. The shares have been trading recently at just under \$18.

Florida Capital's main holding is Cashin Systems, a manufacturer of equipment for the meat processing industry.

For the first nine months this year Cashin Systems had a net income of \$755,000 on sales of \$5.8m.

## Tokyo stock market boosts securities firms' profits

By YOKO SHIBATA in TOKYO

JAPAN'S BIGGEST four securities houses, Nomura, Nikko, Daiwa and Yamachi, have reported combined record pre-tax profits of ¥268.2bn (\$1.3bn) for the financial year ended September 30, thanks largely to the long bull market in Japanese equities. The previous best combined performance of the four houses was a pre-tax profit of ¥228bn achieved in the 1980-1981 financial year.

The favourable performance of the four houses reflected active stock trading, influenced notably by a sharp increase in foreigners' purchase of Japanese shares. The average volume of

stock transactions in the Tokyo Stock Exchange in the past year came to 371m shares, up by 39 per cent from the previous year. Trading centred most heavily on higher-priced issues, such as the internationally popular blue chips. Transactions bill rose to ¥55,873.8bn, up by 68.2 per cent from the previous year and surpassing the previous peak of ¥49,000bn registered in fiscal 1981.

The four houses' combined commission income from securities trading surged by 70 per cent to reach ¥398bn, while their earnings from investment trusts based on medium-term

government bonds and their fees derived from underwriting convertible debentures also surged. As a result, all four securities houses registered record commission income.

Gains on bond trading rose by 6 per cent to ¥79.3bn, thanks to favourable trading in the first half year which offset stock conditions in the second half year caused by anxieties over rising U.S. interest rates.

Despite higher operating expenses, resulting mainly from heavy spending on computerisation, Nomura, Daiwa and Yamachi reported record pre-tax profits.

### JAPANESE SECURITIES HOUSES

	Net Profit Yn	Change on Year %	Year to September 30 Commissions Yn	Change on Year %	Gains on bond dealings Yn	Change on Year %
Nomura	47.1	+47.3	224.6	+53.8	41.5	+27.9
Nikko	21.3	+44.6	136.2	+35.0	7.4	+34.1
Daiwa	21.1	+55.4	136.0	+42.1	16.7	+8.1
Yamachi	77.2	+35.3	125.9	+28.6	11.6	+4.4

## Ireland and Belgium tap floating rate note market

By MARY ANN SIEGHART

TWO large floating rate notes for sovereign borrowers were issued in the Eurobond market yesterday. Ireland and Belgium are raising \$300m each in deals which have been rumoured in the market for weeks.

Belgium's floaters pays a spread of 1 point over the six-month London interbank offered rate (Libor) at par. Though it has a nominal 20-year life, the investor can redeem the bond at par after the tenth, 15th and 20th years.

Credit Suisse First Boston is leading the deal with Morgan

Guaranty, Morgan Stanley, Banque Bruxelles Lambert, Paribas Belgique, Kredietbank and Société Générale de Banque.

The issue forms part of a \$1bn funding package which Belgium is raising in the Eurobond market. The rest will take the form of a syndicated loan.

Ireland's note has a 10-year life, with no put options for the investor, and pays 10 per cent over six-month Libor at par. Merrill Lynch is leading the issue, which traded initially slightly outside its total fee of 1.45 per cent.

## Heavy loss on Union Pacific joint venture

By Our New York Staff

UNION PACIFIC, the U.S. transportation conglomerate, is setting up an after-tax reserve of \$125m to cover its losses on the Corpus Christi Petrochemical, which it jointly owns with Britain's ICI and Belgium's Solvay.

The \$750m worldwide ethylene and propylene plant was only built in 1980.

Mr William S. Cook, Union Pacific's chief executive, says: "The complex has experienced operating losses since its start up in mid 1980, which stem from industry overcapacity

## Siemens shows advance

By John Davies in Frankfurt

SIEMENS, the West German electrical and computer concern, is maintaining its dividend in the face of a generally steady or improved profit position in its wide-ranging activities at home and abroad.

The Munich-based group said yesterday that it proposed to keep the dividend at DM 8 per DM 50 share for the year to September, but gave no profit details in its interim statement.

In the previous year group profits increased 45 per cent to DM 758m on a 16 per cent rise in sales revenue to DM 40.1bn. This time worldwide sales declined slightly to DM 39.5bn (US\$14.6bn). The company said this was because no major nuclear power plant deal was settled during the year. Nuclear plant business aside, sales revenue was up 2 per cent on the previous financial year.

The fastest-growing activities were data systems and medical technology, both of which showed a double-digit rise in sales.

Siemens said that its inflow of orders rose slightly to DM 44.9bn. While orders abroad dropped 8 per cent to DM 22.4bn, domestic sales advanced 20 per cent to DM 22.5bn.

Here again, nuclear power contracts distorted the picture, because of major orders for the Emsland and Neckar power plants. Without these projects, domestic orders showed a more modest 5 per cent rise on the previous year.

Siemens said that stagnating demand for electrical goods at home and abroad led to a shortage of work at some factories.

While investment at DM 1.7bn was a little below the previous financial year, the group spent a slightly increased amount of DM 4.5bn on research and development.

## 20% second half rise at Westpac

BY LACHLAN DRUMMOND IN SYDNEY

THE Westpac Banking Corporation, Australia's largest private banking group, boosted net earnings by 20 per cent in the second half of the year to September 30, to leave the annual total up by 3 per cent from A\$215.6m to A\$222.2m (US\$203.9m). This was despite a 61 per cent increase in bad and doubtful debt provisions.

The final half contribution was up from A\$100.3m to A\$120.8m offsetting the 12 per cent decline to A\$101.4m in the first six months, with the main impetus to the closing half upturn coming from its trading bank operations.

Full year profits here were up from A\$89.5m to A\$105.45m and, while the savings bank was down from A\$33.9m to A\$23.7m for the year, the

second half saw profits of A\$18.3m, against A\$17.7m last time.

The final half input from the trading bank activities was A\$58.5m after a steady opening half of A\$47m. The remainder of group profit came from the finance company and other non-banking interests, which were up by A\$33m to A\$56m overall.

The result reflected a widening in margins for the banking group as gross income grew by 7.3 per cent to A\$1,560m while the growth in interest charges lagged slightly at 7.2 per cent to A\$2,626m.

It also came after bad and doubtful debt provisions up from A\$56.6m to A\$103.7m. The total dividend has been advanced from 24 cents to 25 cents costing A\$99.3m (A\$95.3m) for the year.

## Court extends Rizzoli group's receivership

BY JAMES BUXTON IN ROME

A MILAN COURT yesterday granted a second year's controlled administration to the Rizzoli publishing group, which Corriere della Sera, Italy's leading newspaper.

Controlled administration, a form of receivership, allows the company, which is in serious financial trouble, a breathing space during which its debts are frozen.

In the case of Rizzoli it also means another 12 months in which to reach a decision on proposed schemes by which leading Italian businessmen would buy all or part of the company.

A 40 per cent stake in Rizzoli was acquired by the late Sig. Roberto Calvi in 1981 via La

Centrale, the financial holding company owned by Banco Ambrosiano. Rizzoli went into controlled administration last autumn when its debts became unmanageable.

As a condition for the continuation of controlled administration, the court has agreed to cut the interest on Rizzoli's debt to ten per cent, compared with the current Italian prime rate of 15.75 per cent.

This week Sig. Angelo Rizzoli, the former chairman of Rizzoli, was re-arrested on charges relating to alleged export of currency, only 20 days before he had been released from his second period this year of imprisonment awaiting trial.

## Troubled Tymshare in talks

By William Hall in New York

TYMSHARE, the leading independent computer time sharing group in the U.S., is having preliminary talks with McDonnell Douglas, which could lead to an offer worth "in excess of \$400m".

The company has been facing problems over recent years as demand for its traditional computer time-sharing services has fallen. Declining computer hardware costs and rising telecommunications costs are apparently encouraging its customers to use alternative information gathering systems at a time when its costs are rising.

In late August Wang Laboratories, the fast growing U.S. computer group, appeared as a potential suitor and said that it might buy a stake of up to 25 per cent in the company. Wang subsequently bought a 4.3 per cent stake but sold this shortly afterwards stating it "no longer had an interest in Tymshare".

## Caterpillar to sell W. German excavators

By Terry Dodsworth in New York

CATERPILLAR TRACTOR, the world's leading manufacturer of earth-moving and construction equipment, is to begin buying in a range of West German hydraulic excavators in a move designed to expand its product range.

Under the agreement with Fraunhofer Maschinenfabrik, Caterpillar will put its own name on the machines and sell them through its dealer network in Europe, Africa and the Middle East. There will be no equity link.

The deal follows two similar contracts for Caterpillar earlier this year. The first of these, with Daewoo of South Korea, was for a range of mid-weight lift trucks.

## AUTHORISED UNIT TRUSTS

Abbey Unit Trust Mgmt. Co. Ltd. 01-236 1883

1-3 St. Paul's Churchyard, EC4A 3DF

High Income Fund 01-236 1883

Capital Growth Fund 01-236 1883

Income Fund 01-236 1883

Equity Fund 01-236 1883

Global Fund 01-236 1883

Real Estate Fund 01-236 1883

Art & Antiques Fund 01-236 1883

Technology Fund 01-236 1883

Energy Fund 01-236 1883

Healthcare Fund 01-236 1883

Infrastructure Fund 01-236 1883

Commodities Fund 01-236 1883

Special Situations Fund 01-236 1883

Private Equity Fund 01-236 1883

Real Estate Fund 01-236 1883

Art & Antiques Fund 01-236 1883

Technology Fund 01-236 1883

Energy Fund 01-236 1883

Healthcare Fund 01-236 1883

Infrastructure Fund 01-236 1883

Commodities Fund 01-236 1883

Special Situations Fund 01-236 1883

Private Equity Fund 01-236 1883

Real Estate Fund 01-236 1883

Art & Antiques Fund 01-236 1883

Technology Fund 01-236 1883

Energy Fund 01-236 1883

Healthcare Fund 01-236 1883

Infrastructure Fund 01-236 1883

Commodities Fund 01-236 1883

Special Situations Fund 01-236 1883

Private Equity Fund 01-236 1883

Real Estate Fund 01-236 1883

Art & Antiques Fund 01-236 1883

Technology Fund 01-236 1883

Energy Fund 01-236 1883

Healthcare Fund 01-236 1883

Infrastructure Fund 01-236 1883

Commodities Fund 01-236 1883

Special Situations Fund 01-236 1883

Private Equity Fund 01-236 1883

Real Estate Fund 01-236 1883

Art & Antiques Fund 01-236 1883

Technology Fund 01-236 1883

## FT UNIT TRUST INFORMATION SERVICE

Crown Unit Trust Services Ltd. 01-406 4433

100 Great Street, EC2P 2DS

Global Fund 01-406 4433

Equity Fund 01-406 4433

Income Fund 01-406 4433

Real Estate Fund 01-406 4433

Art & Antiques Fund 01-406 4433

Technology Fund 01-406 4433

Energy Fund 01-406 4433

Healthcare Fund 01-406 4433

Infrastructure Fund 01-406 4433

Commodities Fund 01-406 4433

Special Situations Fund 01-406 4433

Private Equity Fund 01-406 4433

Real Estate Fund 01-406 4433

Art & Antiques Fund 01-406 4433

Technology Fund 01-406 4433

Energy Fund 01-406 4433

Healthcare Fund 01-406 4433

Infrastructure Fund 01-406 4433

Commodities Fund 01-406 4433

Special Situations Fund 01-406 4433

Private Equity Fund 01-406 4433

Real Estate Fund 01-406 4433

Art & Antiques Fund 01-406 4433

Technology Fund 01-406 4433

Energy Fund 01-406 4433

Healthcare Fund 01-406 4433

Infrastructure Fund 01-406 4433

Commodities Fund 01-406 4433

Special Situations Fund 01-406 4433

Private Equity Fund 01-406 4433

Real Estate Fund 01-406 4433

Art & Antiques Fund 01-406 4433

Technology Fund 01-406 4433

Energy Fund 01-406 4433

Healthcare Fund 01-406 4433

Infrastructure Fund 01-406 4433

Commodities Fund 01-406 4433

Special Situations Fund 01-406 4433

Private Equity Fund 01-406 4433

Real Estate Fund 01-406 4433

Art & Antiques Fund 01-406 4433

Technology Fund 01-406 4433

Energy Fund 01-406 4433

Healthcare Fund 01-406 4433

Griffiths & Morgan Ltd. 01-406 4433

100 Great Street, EC2P 2DS

Global Fund 01-406 4433

Equity Fund 01-406 4433

Income Fund 01-406 4433

Real Estate Fund 01-406 4433

Art & Antiques Fund 01-406 4433

Technology Fund 01-406 4433

Energy Fund 01-406 4433

Healthcare Fund 01-406 4433

Infrastructure Fund 01-406 4433

Commodities Fund 01-406 4433

Special Situations Fund 01-406 4433

Private Equity Fund 01-406 4433

Real Estate Fund 01-406 4433

Art & Antiques Fund 01-406 4433

Technology Fund 01-406 4433

Energy Fund 01-406 4433

Healthcare Fund 01-406 4433

Infrastructure Fund 01-406 4433

Commodities Fund 01-406 4433

Special Situations Fund 01-406 4433

Private Equity Fund 01-406 4433

Real Estate Fund 01-406 4433

Art & Antiques Fund 01-406 4433

Technology Fund 01-406 4433

Energy Fund 01-406 4433

Healthcare Fund 01-406 4433

Infrastructure Fund 01-406 4433

Commodities Fund 01-406 4433

Special Situations Fund 01-406 4433

Private Equity Fund 01-406 4433

Real Estate Fund 01-406 4433

Art & Antiques Fund 01-406 4433

Technology Fund 01-406 4433

Energy Fund 01-406 4433

Healthcare Fund 01-406 4433

Infrastructure Fund 01-406 4433

Commodities Fund 01-406 4433

Special Situations Fund 01-406 4433

Private Equity Fund 01-406 4433

Real Estate Fund 01-406 4433

Art & Antiques Fund 01-406 4433

Technology Fund 01-406 4433

Energy Fund 01-406 4433

Healthcare Fund 01-406 4433

Griffiths & Morgan Ltd. 01-406 4433

100 Great Street, EC2P 2DS

Global Fund 01-406 4433

Equity Fund 01-406 4433

Income Fund 01-406 4433

Real Estate Fund 01-406 4433

Art & Antiques Fund 01-406 4433

Technology Fund 01-406 4433

Energy Fund







## INSURANCE & OVERSEAS MANAGED FUNDS

[illegible]







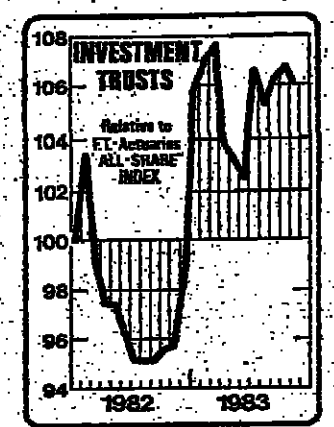




## THE LEX COLUMN

# Where trusts are not enough

Index fell 0.4 to 721.4



such as Windfaster Diversified or funds which actively manage currencies offshore will find all their profits taxed as investment income. Even investors in Fidelity's Sterling American Fund may find that what are purely currency hedging profits taxed as investment income, unless the Revenue specifically relents.

Also under attack are investors in overseas managed investment funds which are not in tax havens, for example, the Dutch Robeco funds. Their investors will only escape the new provisions if the managers are prepared to distribute all the fund's income and subject their accounts every year to the scrutiny of Somerset House.

The final, and unexpected, swipe taken by the Government is against offshore insurance companies. Any potential life policy in, say, a German or American company will from now on be deterred by the double taxation of the returns. Whatever the need to clamp down on tax havens, this consequence is hardly in line with the spirit of the Treaty of Rome.

### British Aerospace

Among the ranks of privatised companies, British Aerospace has been the most disappointing recent performer on the Stock Exchange. It now stands far below the heady peak of 251p reached during the summer after its flotation in February 1981. The main reason has been the company's exposure to the viciously competitive civil airliner market. But the outlook has brightened considerably this week with the chunky \$300m order for 20 BAe-146 airliners from Pacific Southwest Airlines.

The deal doubles the order book at a stroke and underpins the immediate production schedule. The break-through in the key U.S. market should also encourage further orders. Finally, the deal establishes that the company has correctly identified an important market niche with this aircraft. The shares in the company have responded by rising 17p over the week to 203p.

At the same time the company has high hopes of obtaining state launching aid for the A-320 Airbus project. The benefits of these developments will not be seen for some time in the p and l account, which is anyway bedevilled by the complexities of accounting for projects that stretch out for 25 years. But with the position on the civil side now more stable, BAe's prospective p/e — at about 5, stated tax — looks somewhat out of line.

### Roll-up funds

After the Government's wide-ranging strike on Thursday night against tax avoiders using offshore investments, the casualty list is a long one.

The main target has been the offshore cash roll-up funds which, as a tax privileged subsidiary for building society deposits, have attracted about £1.5bn. Their demise was announced by the Government two months ago. But some of the funds, such as Lazard's, Sterling Reserve Fund, which avoid the receipt of income by dividend stripping and which pay out a nominal dividend to shareholders, hope to escape.

However, the legislation covers all offshore open-ended funds. The only exception granted is where the fund or company distributes all the income it receives and what counts as income is to be defined by UK corporation tax law, which rules out dividend stripping.

Investors in commodity funds

out appeal to the trusts' shareholders. Fund managers would be even more entitled to argue strongly against such action, perhaps, were there fewer latent conflicts of interest created by so many of the managers themselves sitting on the boards of client trusts.

And whatever the objections to undisclosed management changes, it would be unfortunate if the case for a more dynamic approach to investment trusts got lost in all the indignation. But at least the row at Gartmore could serve as a salutary reminder — that financial services' real assets are people — who go home every night.

Quite apart from the familiar threat of unification appeals, they have to contend with the possibility of a hostile — not to say less generous — take-over bid from another Guinness Peat in search of a cheap capital base.

In fact, Anglo and Group Investors themselves belong to a whole cluster of smaller trusts within the sector which have on these grounds long been trading at discounts far smaller than the 25-30 per cent which is still the average range for most trust categories.

By transferring their funds from Gartmore Investment Management to CS Investments as they have now done, however, these two trusts have done far more than stoke up the speculative interest in their shares. The suddenness of the transfers, with only retrospective disclosure, has landed them both in the middle of an acrimonious public squabble.

The reason for this is plain. Henderson Administration and Edinburgh Sun Managers are two fund management groups that have come to the stock market for quotes of their own on some fancy ratings in recent months. While their unit trust holdings are undoubtedly more important to their market capitalisation than investment trusts, the latter still provide their bread and butter business and few institutions in the City would be comfortable watching more trusts follow in Anglo's footsteps.

At a time when fund managers are attracting such a strong following among investors, it must be unsatisfactory for such essential assets as are represented by the trusts to be subject to informal, even clandestine, negotiation with

mendations.

"A report of this nature and scope was bound to reveal defects and deficiencies as well as strengths and areas of competence," Sir Kenneth said. "A number of flaws have been revealed. It is fair to say that some of the deficiencies are serious and require considerable remedial action."

In a series of response papers to the PSI report, the Metropolitan Police argued that many of the problems had been taken in hand.

The Home Office, which is responsible for London's police, said last night it was studying the documents, which could prove important to the progress of the Police Bill.

Feature, Page 15

## Galtieri to face court martial

By Jimmy Burns in Buenos Aires

ARGENTINA's post mortem on the Falklands war neared its conclusion yesterday with the announcement that the former junta which ordered the invasion of the islands on April 2, 1982, will be tried by court martial.

General Leopoldo Galtieri, Admiral Jorge Anaya and Brigadier Basilio Lami Dozo will face a military tribunal as a result of the findings of an official Argentine investigation into the war.

Details of the investigation have been kept secret but a preliminary memo written by retired General Benjamin Rattenbach, one of the investigators, was leaked in August. Gen Rattenbach put most of the blame on Gen Galtieri for his decision to resist militarily the British recovery of the islands without having ensured the necessary naval and air support.

Argentina's original plan had been to carry out a symbolic occupation of the islands to press its claim for sovereignty. It planned to withdraw within a week, paving the way for a negotiated settlement with Britain.

Admiral Anaya and Brigadier Lami Dozo have been criticised by Gen Rattenbach for not dissuading Gen Galtieri from a military confrontation and for not adequately co-ordinating with the Army once war had broken out.

Argentina's official report on the war was completed several weeks ago, but the present junta decided to postpone any action to avoid upsetting its final diplomatic defences on the Falklands issue.

The military authorities have come under increasing pressure recently from within their own ranks and from politicians, to move against the former junta.

Argentina's official report on the war was completed several weeks ago, but the present junta decided to postpone any action to avoid upsetting its final diplomatic defences on the Falklands issue.

The military authorities have come under increasing pressure recently from within their own ranks and from politicians, to move against the former junta.

## Weather

### UK TODAY

CLOUDY, mainly dry with bright intervals.

London, S.E., S.W., S. E. Cen. England, Midlands, Wales: Cloudy, bright intervals. Max 11C (52F).

Isle of Man, N.W., N.E., N. Cen. England: Cloudy, rain later. Max 9C (48F).

Scotland, N. Ireland: Rain, becoming brighter. Max 9C (48F).

Outlook: Becoming colder.

### WORLDWIDE

	Y day	midday	Y day	midday	
	°C	°F		°F	
Ajaccio	17	63	Luxemb.	5	41
Algeria	18	64	Madeira	20	68
Amsterdam	13	55	Madrid	10	50
Athens	13	55	Malaga	18	64
Bahrein	28	82	Marseilles	20	68
Bari	11	52	Melb.	8	46
Berlin	11	52	Mexico	15	59
Bombay	24	75	Moncton	8	46
Buenos Aires	24	75	Moscow	13	55
Calcutta	24	75	Munich	13	55
Cairo	24	75	Nairobi	27	81
Canton	24	75	Naples	14	57
Cebu	24	75	Nassau	24	75
Colon	24	75	Norwich	10	50
Dallas	18	64	Osaka	27	81
Dublin	11	52	Paris	17	63
Hankow	11	52	Perth	16	61
Hong Kong	24	75	Prague	11	52
Imbabura	24	75	Rangoon	27	81
Jakarta	24	75	Riyadh	4	39
Johannesburg	18	64	Rome	17	63
Kuala Lumpur	24	75	Sao Paulo	27	81
London	13	55	Singapore	31	88
Los Angeles	18	64	Sydney	19	66
Lyons	11	52	Taipei	20	68
Manila	24	75	Tel Aviv	25	77
Medan	24	75	Tenby	14	57
Medan	24	75	Tokyo	14	57
Medan	24	75	Toronto	5	41
Medan	24	75	Tripoli	27	81
Medan	24	75	Valencia	18	64
Medan	24	75	Vancouver	9	48
Medan	24	75	Vienna	13	55
Medan	24	75	Warsaw	13	55
Medan	24	75	Zurich	13	55

C-Cloudy, F-Fair, R-Rain, S-Sunny, T-Thunder.

C-Cloudy, F-Fair, R-Rain, S-Sunny, T-Thunder.

\* Noon GMT temperatures

# Report attacks Metropolitan Police

BY GARETH GRIFFITHS

THE AIMS and management of the Metropolitan Police were criticised in a report published yesterday by the Policy Studies Institute. The report found that the police lacked defined objectives and suggested there should be consultative management within the 26,000-strong organisation.

The PSI was asked by the Metropolitan Police in 1979 to carry out the inquiry and its report was welcomed yesterday by Sir Kenneth Newman, the Metropolitan Police commissioner. However, the findings are highly critical of Metropolitan Police organisation in several key areas.

The report said that promotion up to the rank of inspector was dependent on passing examinations and was "very little related to proven ability, performance or standards of conduct."

There was little direct supervision of junior ranks by senior officers and much patrolling by police officers on foot and in vehicles was "apparently aimless."

Police use of management information systems was weak and there was little or no information about what kind of manpower was deployed in various ways.

The Metropolitan Police, according to the report, had an unofficial policy of keeping the proportion of women officers down to about 10 per cent. "From the selection statistics, it is difficult to escape the conclusion that the force discriminates unlawfully against women applicants," the report said.

A survey of 2,420 Londoners

carried out for the report showed that 27 per cent had been victims of various types of crime in the previous 12 months and 63 per cent of West Indian men aged between 15 and 24 had been stopped by the police. Stopping policy needed clearer objectives, the PSI said.

The study, which is more than 1,000 pages long, suggested that there was heavy drinking in the CID; police brutality, particularly to people at the bottom of the socio-economic league; and a racialist use of language, although the PSI concluded this had not led to racialist actions by the police.

Sir Kenneth said the project had been the most comprehensive independent scrutiny of a major police force ever conducted in Europe. He said the merit in many of the recom-

mendations.

"A report of this nature and scope was bound to reveal defects and deficiencies as well as strengths and areas of competence," Sir Kenneth said. "A number of flaws have been revealed. It is fair to say that some of the deficiencies are serious and require considerable remedial action."

In a series of response papers to the PSI report, the Metropolitan Police argued that many of the problems had been taken in hand.

The Home Office, which is responsible for London's police, said last night it was studying the documents, which could prove important to the progress of the Police Bill.

Feature, Page 15

## Japan and EEC agree on formula to restrain exports of VTRs

BY CHARLES SMITH, FAR EAST EDITOR, IN TOKYO

JAPAN AND THE EEC yesterday reached agreement on a formula for restraining exports of video tape recorders to Europe. They set a ceiling for the export of finished sets but left the export of kits for local assembly virtually free from controls.

Japan will ship a maximum of 3,955 finished sets to the community in 1984, the same as in 1983. An additional 1.1m chassis kits will probably be exported to Europe for assembly by Japanese manufacturing subsidiaries in the UK and West Germany and by European companies involved in joint ventures with Japanese VTR makers.

Shipment of chassis kits, however, will be "basically free" according to Japan's Ministry of International Trade and Industry. This year Japan has been committed to limiting kit exports to 600,000.

The exclusion of chassis kits from the agreement on VTR exports was the main point at issue during three days of talks this week between the Minister of International Trade and Industry, Mr Sosuke Uno and the EEC's Commissioner for Industry, Viscount Eileen Davignon.

Viscount Davignon said yes-

terday that the Community had agreed to separate treatment of chassis kits on the understanding that a minimum amount of added value would be incorporated in Japanese VTR sets assembled in Europe. The EEC is also insisting that the amount of added value be raised steadily.

A third section of the revised agreement on VTR exports stipulates that European electronics companies will be able to produce and sell at least 1.3m locally manufactured VTR sets during 1984.

The "guarantee" of production by European manufacturers applies chiefly to companies manufacturing the V2000 format for video recorders originally developed by Philips. However, EEC officials said yesterday that in principle it meant any European company engaged in genuine manufacturing operations.

EEC officials said they had no definition of what was meant by "genuine manufacturing" but there was a clear understanding with Japan on which European companies were covered by the expression.

Philips and Grundig are producing the V2000 format machines for sale in Europe. Both companies, however, are

planning to start manufacture of the Japanese VHS format in the near future.

Japan agreed in February to limit its exports of VTRs to Europe over a three-year period. Shipments for the first year were set at 4.55m sets, (including chassis kits) and European companies would be able to produce and sell at least 1.2m units during 1983.

Viscount Davignon admitted yesterday that European production this year was likely to fall short of the 1.2m "minimum" level. He attributed this to the time taken by manufacturers to increase operating levels after the February agreement.

Assembly of VTRs from imported Japanese chassis kits is taking place in the UK at the Newhaven, Sussex, plant of JET company, a joint venture between Thorn EMI, Telefunken and Victor Company of Japan.

VTR assembly in the UK is also being started by Sanyo Electric, Mitsubishi Electric and Toshiba Corporation.

European local content included in the sets produced at Newhaven has reached 30 per cent according to the chairman of Thorn EMI, Ferguson, Mr R. E. Norman.

## U.S. growth Continued from Page 1

policy committee meeting in Paris, also said the U.S. economy would grow by 4.5 per cent from the fourth quarter of this year to the fourth quarter of next year.

The effect of this higher growth in Britain and West Germany is likely to lead to an upward revision of the OECD Secretariat's economic growth forecast of 3.25 per cent for all OECD countries. Revised figures are due to be released next month.

Mr Kjell Andersen, the OECD's Director of Economic Forecasting, said yesterday that growth this year had been stronger than expected. Inflation had come down slightly

faster than the OECD had envisaged.

Mr Feldstein noted a general improvement in relations between the U.S. and other industrialised countries, largely because the U.S. recovery was now more clearly defined than six months ago. Big U.S. trade deficits were helping other economies, he said.

Although there were no calls for economic "locomotives" — strong economies pulling others forward in their wake — or changes in monetary policy, some delegates at the meeting again called for less restrictive economic policies in some countries. Others argued that expan-

sionary policies could put sustained recovery at risk in the medium term. Delegates again pressed the U.S. to take steps to control future budget deficits.

The meeting discussed the need for the OECD to focus more strongly on the problems of government intervention in specific domestic industrial sectors. Mr Feldstein remarked that pressure on governments to intervene at certain sectoral levels was strong, because of unemployment, but the cost of such intervention was high. The OECD Economic Policy Committee is to discuss the subject again at its meeting in the spring.

## Citibank attacked Continued from Page 1

employees and 1,500 offices in 94 countries. Citibank runs the most extensive banking operation in the world. Last year foreign business accounted for more than half of total assets and profits.

The bank's headquarters in New York has not been organised, but unions in some countries like Singapore and

Malaysia have achieved recognition. Fiet said that various members had taken up Citibank's practices with the Paris-based OECD and the International Labour Organisation.

on industrial relations, which require multinationals to respect the right of local employees to join unions and engage in collective bargaining. Fiet said that various members had taken up Citibank's practices with the Paris-based OECD and the International Labour Organisation.

## Fall in longer leading indicator puts doubt on recovery prospects

BY ROBIN PAULEY

THE official indicator which predicts prospects for the economy in 12 months' time fell for the third consecutive month in October, reviving fears that the recovery might start to fade next year.

Although none of the Central Statistical Office's four cyclical indicators is a reliable guide on a month-to-month basis, the continuing fall in the longer leading indicator is beginning to cause concern in the City.

All the indicators have been re-based from 1975=100 to 1980=100. On the new basis the longer indicator recorded 108.9 in October, its lowest for a year. After peaking at 111.7 in July it fell to 111.2 in August and 110.2 in September.

One of the most important factors in longer leading index is the Confederation of British Industry's quarterly survey of optimism among businessmen. It has been affected by the

decline in the numbers reporting increased optimism in the last survey. A drop in share prices and housing starts also affected the indicator.

The fall in interest rates at the beginning of October partly offset these negative influences. The shorter indicator, which predicts changes over the next six months, continued to rise, helped by improvement in orders, stocks and profits. The index reached a high for this year of 108.6 in October, compared with 108.1 in September and 100.4 in October last year.

The continued advance of the shorter indicator, the fall of the longer indicator reflects to some extent the CBI view that although a patchy recovery is under way, there is a risk of its fading after the first quarter of next year.

The Government's more optimistic view is for sustained recovery with 3 per cent growth

this year and next. The coincident indicator, which shows the present state of the economy, rose to 99.0 in October compared with 97.8 in September and 91.2 in October last year.

Improvement in raw material stocks, the consumer spending recovery and output by production industries have helped maintain upward pressure on this indicator.

The lagging indicator shows turning points in the economy a year after they have happened. This index has been improving slowly throughout the year from 87.4 in January to 89.0 for May, June and July and 89.2 in August.

The indicators show clearly the trough of the recession in May 1981, since when there has been a fairly modest but consistent climb until the longer indicator started to forecast some downturn for next year.

## It's not just business lunches that are tax deductible.



EVERY £10 PAID THROUGH A COVENANT IS WORTH £14.30 TO UNICEF

I am interested in taking out a covenant. Please send me further details. I enclose a donation of £

Name \_\_\_\_\_

Address \_\_\_\_\_



Doing children a World of good.

Reproduction of the contents of this newspaper in any manner is not permitted without prior consent of the publisher. Registered at the Post Office. Printed by St. Clements Press for and published by the Financial Times Ltd, Bracken House, Cannon Street, London EC4A 3DF.

